

# The NATIONAL UNDERWRITER

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## Psychological Tests Accurate In Predicting Under 25 Experience

(A remarkable experiment, now approximately three years old, is being conducted by Farmers Mutual Re of Grinnell, Ia., in the writing of automobile insurance on male drivers under 25. Psychological tests to determine attitudes and other characteristics are given to young insurance applicants. The young drivers are then classified in three groups at three different rates, depending on their scores in the tests. The scores are kept and checked against the claim and loss experience of the entire group. The experience reflects the scoring with amazing integrity. The experiment and its results are described in the accompanying article.)

By L. G. KEENEY

President, Farmers Mutual Reins.

It is the thesis of this introduction and the accompanying article by Dr. Haner that the personality traits and attitudes of the individual may be

measured so as to predict his performance as an automobile operator.

The origin of the generally accepted system of classification is quite understandable. There were no serious problems in evidence when the insurance industry first undertook to protect owners of automobiles against physical loss as well as legal liabilities.

### Must Anchor Rates To Facts

When it did become necessary to classify drivers and their vehicles for rating purposes, it was not only practical but essential to anchor the rates to facts shown on the insurance application: Age, sex, occupation, territory, etc. However, it is manifestly unfair to maintain that any fixed classification such as those mentioned does justice to the rights of the individual.

The single premise upon which Farmers Mutual Reinsurance Co. en-

tered the automobile field in 1957 was that a more realistic system of classification could and should be developed.

The first important departure from conventional methods of driver classification involved the male driver under age 25, commonly referred to as youthful, underage, immature, or just plain hot-rodder. Not only was the youthful driver burdened with exorbitant premiums based on the woeful driving of his age group, but he also was branded as irresponsible.

### Several Years Of Study

If thoughtful, sober, and serious—as is the case with the majority—he was apt to become skeptical of the attitudes of insurance companies and of society in general on the whole subject of automobile insurance. Investigations of alternative classification methods, the study of which extended

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## O'Mahoney Group Highly Critical Of State Regulation

### Scores Examinations And Departmental Indifference Toward Insurer Mergers

The report of the Senate anti-trust and monopoly subcommittee has been released. Aside from the minority views of Sen. Wiley and another minority report by Sens. Dirksen and Hruska, which had been previously released, the 340-page document deals principally with the shortcomings in state regulation of the business. The majority's opinion of the aviation and ocean marine insurance business are contained in the report but already had been publicized. Much of the comment on state regulation had not been.

### Second Report Later

A second report will be issued later to deal with rates, state rate regulation, and rating bureaus particularly as they relate to fire and allied lines. The problems in the rating field posed the most crucial issues considered by the subcommittee in its appraisal of the effectiveness of competition as a regulator of the business, the subcommittee states.

Though the subcommittee's conclusions with respect to state regulation and regulators are couched in moderate language, they are nevertheless, uniformly critical. The group is especially critical of company examinations. The final paragraph of this section notes that it has been more than 36 years since the suggestions for renovation and strengthening of state regulation were made by E. W. Pat-

(CONTINUED ON PAGE 22)

Tennessee has postponed the hearing on the automobile liability and PHD filings of National Bureau and National Automobile Underwriters Assn. to Aug. 30. It had been set originally for Aug. 25. The bureaus filed for rate increases and at the same time asked approval of the safe driver rating program and the auto package policy.

## Long-Haul Truck Insurers, Adjusters Meet At Chicago

Company men and adjusters specializing in physical damage coverage of long-haul trucking risks met in Chicago this month to discuss their common problems. Representatives were on hand from 12 states from California to the Carolinas.

The specialists in long-haul truck PHD feel they have problems unique to their operations. The suggestion was made that a Truck Claim Council be formed on a national level.

The agenda for the initial and experimental meeting covered a wide range and it was impossible to complete it in a single day. Larry Boyer of Midland Truck Claim Service, Chicago, acted as host and was chairman during the sessions.

### Film On Truck Repairs

Among the items on the program was a film showing an actual truck repair job, pointing up the means by which repairs can be made to expensive equipment. Other items discussed included the loss payable clause, depreciation, salvage and its sale, etc. Talks were made by J. J. Werner of the bureau of motor carriers, Interstate Commerce Commission, and William Nolan of Pretzel, Stouffer & Nolan, Chicago attorneys, talked on the loading and unloading clause.

One of the conclusions reached was that there is almost an entire absence of uniformity in truck repair labor prices and parts discount.

A tentative proposal for a Truck Claim Council would call for company people to be engaged in the business full time and writing \$500,000 or more annually, while adjusters would have to have the endorsement of two or three companies that have found them competent and dependable.

## Legislators Quiz 50,000 Producers In N. Y. On Auto

Questionnaires on market practices in automobile liability insurance have been mailed to 50,000 fire and casualty agents and brokers licensed to do business in New York state. The mailings are being made by the joint legislative committee on insurance rates and regulation, headed by Sen. W. F. Condon, in cooperation with the insurance department. The committee is conducting an investigation into such practices and after the survey is completed will hold public hearings at which industry and motorists may be heard on the subject.

Questionnaires, returnable Sept. 12, ask if any of the producer's 1959 automobile accounts for placement channels were subject to underwriting restrictions and if so, what kind. Among restrictions listed are operator's age, driving experience, traffic violations, and classification; type and age of vehicle, territory limits of liability, producer's loss ratio, company requirements on balance of auto and non-auto business, company requirements of volume, and occupation or industry of insured.

### Assigned Risks

Several questions are asked on how the producer handled assigned risks, whether he charged service fees, for how many such risks did he secure higher than compulsory limits and whether in admitted or non-admitted companies. The committee, which is studying possible legislative action, also asks how many assigned risks were "clean."

The survey also asks the producer

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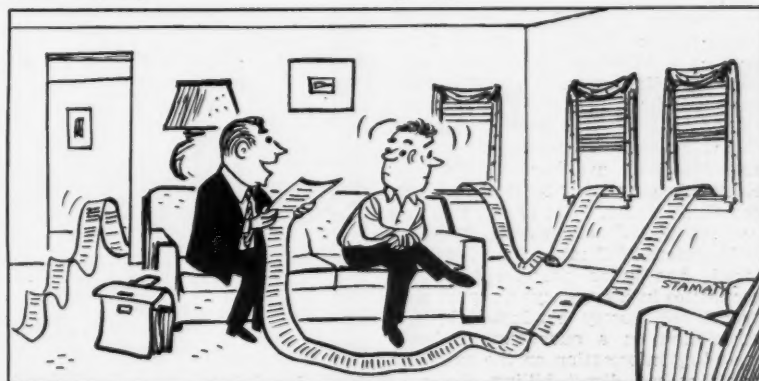
## Sea Directors Ask Approval Of London Assurance Offer

Directors of Sea have recommended to shareholders that they accept the offer of London Assurance to purchase Sea, an offer which was reported some months ago. London Assurance started in 1720, Sea in 1875. The latter entered the U. S. one year later. U. S. assets of Sea as of Dec. 31, 1959, were \$18,376,827.

Chubb & Son manages Sea in the United States and is manager of the U. S. marine branch of London Assurance.

Robert L. Mulreany, a partner in the New York law firm of DeForest, Elder & Mulreany, has been named a director of Manhattan Fire & Marine, a member of the London Assurance group. He replaces A. G. Wall, partner in Chubb & Son, who recently resigned.

The W. A. O'Keefe agency of Moberly, Mo., has purchased the Arthur R. Thomas agency.



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## Conn. General Continues To Assail Ban On Life-Property Acquisition

While the idea of fire and casualty insurers forming or purchasing life insurers gradually is being extended, the fight on the New York department's opposition to the formation or purchase of fire and casualty insurers by life companies goes on in the New York courts.

Connecticut General Life, which states that it is determined to acquire control through stock ownership of a fire or casualty company—"for the purpose, among other things, of being on equal terms with its competitors"—argues that though the New York superintendent prohibits a life company from acquiring a fire or casualty insurer, the New York law does not.

The brief which it has filed in the appellate division of the New York

supreme court states its position in detail. A reply by the insurance department is due in mid-September.

### No Bar By Statute

Connecticut General argues that the governing New York statutes do not prohibit an out-of-state life company, licensed in New York, from acquiring a controlling stock interest in a fire or casualty company. The company contends that the superintendent is not authorized by sections 42(3) and 193(3) to prohibit such an acquisition after a cut-off date selected by him.

Section 42(3) does prohibit an out-of-state insurer from doing an insurance business forbidden domestic insurers. But that section and its companion, section 193(2) do not bar a subsidiary or parent of life company

from writing fire or casualty insurance. The statute does not contain a cut-off date nor does it give the superintendent power to do so.

Prior to 1955, the New York department for almost 50 years consistently had issued new and annual renewal licenses to out-of-state insurers owning subsidiaries engaged in a kind of insurance forbidden the insurer itself—non-domestic life companies with fire and casualty subsidiaries were licensed in New York, along with non-domestic fire and casualty insurers with life subsidiaries. This practice and interpretation of the insurance law was confirmed by the legislature itself in 1948, Connecticut General points out. At that time the legislature enacted section 67(1) expressly permitting

(CONTINUED ON PAGE 31)

## July Fire Losses Show .8% Increase

Fire losses in the U. S. in July amounted to \$82,998,000, a .8% increase over July, 1959, according to National Board. The July total is up by .2% over losses in June, 1960.

Losses for the first seven months of 1960 totaled \$656,969,000, an increase of 2.1% over the similar period in 1959. For the first seven months of 1960 and the two preceding years, losses were:

Month	1960	1959	1958
Jan.	92,949,000	112,083,000	99,918,000
Feb.	96,782,000	98,120,000	103,853,000
March	116,365,000	99,610,000	102,722,000
April	98,106,000	90,689,000	99,061,000
May	86,940,000	81,597,000	85,835,000
June	82,629,000	77,867,000	90,048,000
July	82,998,000	82,334,000	80,782,000
Total	656,969,000	643,200,000	682,017,000

## Mich. Local Board Officers In Session, State Rally Sept. 14

LANSING—Local boards affiliated with Michigan Assn. of Insurance Agents are sending their new officers to Lansing this week for the annual briefing session with association officers. It is anticipated that most of the 56 local units will be represented.

William T. Dobson, Ann Arbor, state president, and Waldo O. Hildebrand, secretary-manager, will lead the discussions. Current problems confronting the industry will be considered and some planning done for the coming year.

### Precedes 62nd Annual

This meeting precedes the 62nd annual convention, to be held at Grand Rapids Sept. 14-16. The program for that session is rapidly taking shape. Some of the highlights include a report on a Michigan agency cost survey, including an analysis and comparison with other states to be presented by Lawrence Smith, Stamford, Conn., agent and former national association staff member; a report on electronic accounting by mail by Howard G. Downing, Flint agent, who has had successful experience with an IBM system 1,000 miles from his office which has made possible personnel economies in his agency; a report on a production survey conducted by the association on a questionnaire basis, including information on the extent of merit rating, direct billing, the general trend of production and commissions, and other data pertinent to agency operations; a report by David

Chapman, Lansing, on adaptation to agency operations of a simple, standard piece of equipment; an address by Commissioner Blackford on "The Future of the American Agency System as I See It," and a review of problems of the National Board of State Directors.

### Claim Department Yields Princess

Reigning as Cayuga Indian princess at the New York State Fair opening Sept. 2 at Syracuse will be an employee from the claim department of Geo. F. Brown & Sons, Chicago. Miss Arlene Sue Abrams has been chosen to represent the tribe—some 280 strong.

## Stuyvesant Volume Up 75% First Half

A 75% increase in premiums was written in the first six months of 1959 by Stuyvesant, for a total of \$17,637,984. In the 1959 first half the company wrote \$10,086,885. President Maurice G. Olsen reported that the six month total included auto PHD premiums of \$6,864,611, compared with \$5,370,394 for the first half of last year.

Earned premiums were \$9,104,000 against \$4,406,000 on June 30 a year ago. Operating profit was \$304,000 for the first half, compared with \$291,000 at the mid-way point a year ago.

## Tex. Mutual Agents Hold Annual; Elect Goehrs President

GALVESTON—Texas Assn. of Mutual Insurance Agents met here last week for its annual convention and elected Robert I. Goehrs, Houston, president. Almost 300 agents were present for the three-day meeting. The agent of the year award, presented by Texas 1752 club, went this year to James K. Ruble, San Antonio.

Other officers elected were Milton B. Broyles, Fort Worth, 1st vice-president; Kenneth H. Polson, Dallas, 2nd vice-president; M. L. Fiser, San Antonio, secretary, and C. E. Bryan, Austin, treasurer. Directors elected for three years were Rayborn Johnson, Baytown; Charles L. Hefner, Dallas; Alfred H. Koebig, Seguin; Nathan Reynolds, Port Arthur, and Roy M. Brown, Houston.

Fred A. Beckford, president Lumber Mutual Fire, Boston, spoke on automation and declared there was entirely too much work duplication by home offices and agents. National standardization with regards to issuance of policies would surely be an improvement over current practices.

### Make Insurance A Profession

Mr. Beckford said that despite automation, the agent is definitely here to stay—but there is a need for making insurance more of a profession than it is at the moment. This could come about by giving the agent more time for selling and servicing his customers. It is in this area that automation is particularly worthwhile.

Continuous policies and direct payment of premiums to the home office on the part of policyholders present no threat to the independent agent, Mr. Beckford said. In fact, such innovations enable the agent to meet competition more effectively, having more time at his disposal.

Automation underwriting would protect the agent's commission. Old methods can not keep business. Auto insurance should be written only by application, and only deserving risks should be sent to a mutual company. Companies must get together and simplify underwriting, Mr. Beckford stated.

J. H. Crawford, president Crawford & Co., Atlanta, spoke on "Public Relations, High Verdicts, and The Adjuster's Position with Regards to High Verdicts." He said 65 cents out of

(CONTINUED ON PAGE 27)

## Blue Goose Not Yet Open To Casualty

At its Grand Nest in Detroit, members of Blue Goose International voted down an amendment to the constitution which would have struck the word "fire" and substituted the words "property and casualty." Thus the Blue Goose is not open to casualty men, and eligibility standards have not been relaxed to include multiple line men for membership.

Robert F. Stumpf of General Adjustment Bureau, Paterson, N. J., who was elected Most Loyal Grand Gander at the Detroit meeting, has appointed a committee to study the matter of expanding the organization's membership. He expects that an amendment will be proposed at the 1961 convention in New York which, if adopted, would broaden the eligibility rules to include men engaged in certain casualty operations.

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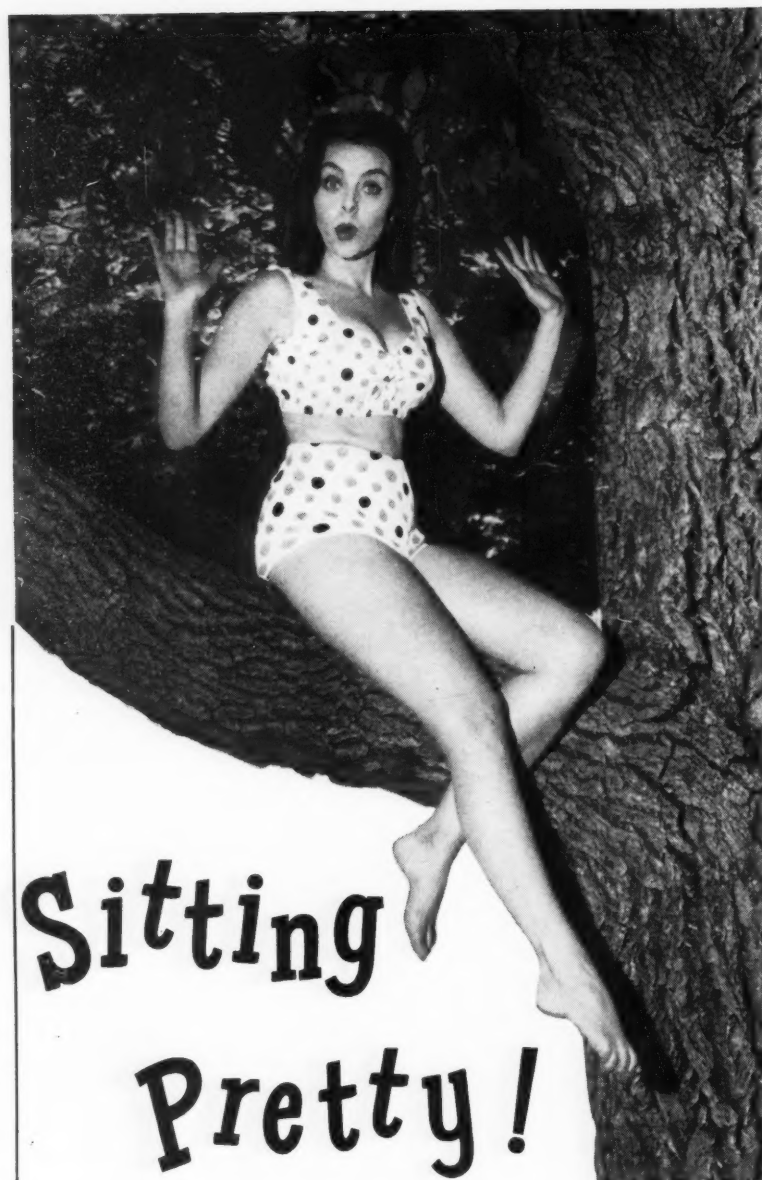
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## Large Turnout For W. Va. Agents' Meet

Approximately 250 attended the annual meeting of West Virginia Assn. of Insurance Agents at White Sulphur Springs. John W. Havens, Huntington, was reelected president, and other officers were also reelected, including Frank R. Bell Jr., Charleston, who will serve his fourth term as state national director. D. S. Levinson, Logan, is the new member of the executive committee.

A highlight of the meeting was a round table on machine and direct billing moderated by Rosser Long Jr., Fayetteville.

Robert W. Lawson, Charleston attorney, briefed the agents on the rules of trial procedure effective in the state July 1. He pointed out that under the changes, a defendant has only 20 days to respond, thus making it imperative that a summons be directed immediately to company attorneys.

### Other Features

Marshall B. Simms, director of multiple line development of Continental Assurance, outlined the opportunities for life sales by general lines agents. He described the qualities an agent should seek in a life company connection.

Other speakers were Paul M. Holland, Baltimore, vice-president and regional manager of Afco, on increased sales through monthly payments; David G. Greenfield, manager of West Virginia Rating Bureau, on the new public and institutional property plan and the agents' responsibility in connection therewith, and Arthur Dannecker, director of advertising and public relations of Ohio Farmers, on means of establishing agency identity.

R. D. Watts, Beckley, past president of the association, was named "Insurance Man of the Year" for his contributions to the agency system.

## Conference On Tidelands Law To Stress Insurance

The fifth annual conference on mineral and tidelands law, to be held Dec. 9 at Tulane University, will emphasize insurance aspects of offshore operations, according to Ralph Slovenko, institute director and associate professor of law at Tulane.

Judge John M. Wisdom of the fifth U. S. appeals court will discuss liability trends with special emphasis on the injured employee in the tidelands; Grant Gilmore, professor of law at Yale University, will deal with recent developments in the law of limitation of liability, and Robert W. Breeden Jr. of the Ferd. Marks Insurance Agency of New Orleans, will discuss aspects of liability coverages in the tidelands.

Bouwe Dykstra, vice-president of Shell Oil Co.; James P. Morgan, managing director of the coastal studies institute of Louisiana State University; Charles Janvier, attorney for Humble Oil & Refining Co., and H. H. Hillyer Jr., New Orleans attorney, will discuss more general topics of the tideland operations.

American Assn. of Oilwell Drilling Contractors is co-sponsor of the program, with the professional study program of Tulane school of law. The program is open to attorneys, oil and insurance company representatives, and others.

The Kentucky Inspection Bureau office at Louisville was closed all day Aug. 23 when the employees and their families attended an outing at Richmond Boat Club.

## 2.1% Hike In Mo. WC Rates Approved

Superintendent Leggett of Missouri has approved an average increase of 2.1% in workmen's compensation rates, effective Sept. 1. The revised rates represent a distribution by industry group as follows: Manufacturing, 2.8% decrease; contracting, 0.1% increase, all others, 7.2% increase.

The superintendent has disapproved a proposal to include occupational disease loss experience with the general rate revision. In addition, specific adjustments will subsequently be issued for codes on motels, hotels and aircraft operation.

## Lincoln Income Life To Have Affiliate For Fire-Casualty

Lincoln Income Life is setting up a wholly-owned fire and casualty affiliate to be titled Lincoln Fire & Casualty. The parent will put \$525,000 into the new company to provide \$350,000 capital and \$175,000 surplus. It is intended to get the new insurer into business before next January.

The president of Lincoln F.&C. will be John T. Acree Jr., who is president of Lincoln Income Life. All other officers of Lincoln F.&C. will be members of the Lincoln Income Life staff. The vice-presidents will be E. L. Browning, who will serve also as general manager, and John T. Acree III, in charge of administration.

## OK Revised Single Limit Auto Policy In Illinois

The Illinois attorney general has approved a single limit auto policy that contains changes eliminating objections which caused an earlier opinion holding the policy not in compliance with the requirements of the state financial responsibility law.

The original policy had a maximum \$25,000 liability applying to PDL and/or BI, limiting the liability to \$25,000 regardless of the number of claims filed against the company. The attorney general had maintained that if all the money were paid out under PDL there would be nothing left for a BI claim as required by the FR law. The new policy guarantees payment up to \$10,000/20,000 BI and \$5,000 PDL loss in any one accident regardless of the payment of the \$25,000 maximum.

The E. W. Blanch reinsurance office at Minneapolis has moved to a new location at 4010 Building, 4010 West 65th Street, Minneapolis 24.

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# Many Facets To The Policyholder Relations Of These Two Insurers

Below is the fifth in a series of articles on what leading insurers are doing in the field of policyholder relations. Here, Farmers of Los Angeles and Massachusetts Mutual reveal a multiplicity of ideas designed to promote policyholder interests.

## MASSACHUSETTS MUTUAL

Emphasis on policyholder relations and policyholder service is a basic and continuing part of Massachusetts Mutual's concept of doing business. For more than a century, the company has constantly endeavored to live up to its reputation of being "particularly a policyholder's institution." It continues to maintain this reputation by pursuing the following fundamental objectives:

—To give life and meaning to the policyholder's life insurance property by making the significance of contract provisions readily apparent through

simplicity of form, design and language and by providing information to the policyholder that enables him to make the best possible use of his life insurance property at the time of need.

—To keep the policyholder up to date on changes affecting his life insurance property so that he may safeguard his interests and those of his family and beneficiaries effectively and take advantage of the flexibility of his contract as required by his changing needs.

### Field Forces Involved

—To make favorable policyholder relations a country-wide endeavor—spearheaded by the individual agent in the field, who is in direct contact with the policyholder, and supported by the entire field and home office personnel of Massachusetts Mutual.

—To assure that the life insurance

property fulfills its intended purpose through activities in the fields of policy issue, conservation, settlement options, and claims administration.

—Finally, to maintain an attitude of good corporate citizenship which, by benefiting their communities, will also benefit all policyholders.

To attain the above five objectives Massachusetts Mutual carries out a program of policyholder relations.

### Forms Simplified

1. Helping the policyholder understand his life insurance as property: The company considers its policy contracts the primary instrument of favorable policyholder relations. It therefore introduced this year an entirely new policy format which represents the results of an estimated 30,000 man hours of technical research, design and other development work involving the change and simplification of about 100 policy forms, riders, applications and endorsements.

The new policy format is more readable, simpler and has greater flexibility. The essential points of the contract are summarized on the cover page. Throughout the policy, larger type faces, simpler sentences and explanatory tables, headings and sub-headings make the entire contract more easily understandable.

The policyholder's most regular contact with the company is through written communications such as annual reports, premium notices, and forms and letters.

### Annual Statement Provided

The annual report is sent to all policyholders to give them a concise summary of their company's progress.

Enclosures with the company's premium notices are frequently devoted to informing the policyholder about his insurance property. Themes of such enclosures have ranged from introduction of the pre-authorized check procedure to the importance of updating beneficiary provisions. The current enclosure is a patriotic appeal to vote.

A year ago, the company established a forms survey committee in order to control the design and content of other forms which reach policyholders. It is composed of representatives of the actuarial, law, planning, and public relations and sales promotion departments and constantly endeavors to

simplify, consolidate, and, when possible, eliminate unnecessary forms. It screens the design and wording of such policyholder communications to make sure that the message will be clearly conveyed to the policyholder. Since the committee was established, it has reviewed over 5,000 forms, resulting in hundreds of revisions, consolidations and eliminations.

### Good Letter-Writing Stressed

Recognizing the opportunity for creating further goodwill in answering thousands of letters from policyholders received by home office departments every year, the company has established letter-writing courses for those who handle such policyholder correspondence.

A policyholders' manual similar to the owners' manual provided by manufacturers of automobiles is in process. This will give the policyholder information about his life insurance property in non-technical, easy-to-follow language and suggest uses he can make of his policy.

Through the IBM 7070 electronic data processing system soon to be delivered, the company expects to make status information about individual policies available within 48 hours after request when the system has become fully operational. In this way information about the life insurance property will be more promptly accessible to the policyholder.

### Group Customers Served

In the field of group insurance, the company also conducts a number of activities which are intended to help the employer cement good relations with both his employees and the community in which he operates.

Booklets describing the group insurance plan are made available. Posters are supplied which identify the group insurer and the type of coverage involved. News about group plans is released to local newspapers. House organ articles about various phases of the program are prepared and offered to the policyholder on a continuing basis. Posters are provided each year to show the amount of benefits paid. The services of a qualified life insurance representative are made available for the integration of the employee's personal life insurance program with his group insurance coverages.

### Emphasize Information On Changes

2. Keeping policyholders up to date: More than 225 liberalizations have been made in Massachusetts Mutual's policy contracts since 1950. Many of these are applicable to existing policies as it is the company's conviction

(CONTINUED ON PAGE 10)



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### featuring:

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	M. West	Undr. Supv.	\$ 9,000			
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	Fla.	State Agt.	\$ 7,800			
MARINE	N. Y.	Mgr.	\$13,500			
	Phila.	Mgr.	\$12,000			
	Mich.	Asst. Mgr.	\$10,000			
	N. Eng.	Supv.	\$ 8,500			
	South	Spec. Agt.	\$ 7,500			
CASUALTY	M. West	Re. Accts. Ex.	\$13,000			
	East	Cims. Mgr.	\$13,000			
	Ohio	Undr. Mgr.	\$10,000			
	Mo.	Sr. Undr.	\$ 8,500			
	M. West	Eng. Supv.	\$ 8,500			

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## Ia. Mutual Tornado Assn. To Meet At Des Moines

The annual agents conference of Iowa Mutual Tornado Ins. Assn. will be held Aug. 30-31 at Des Moines. The opening session will be addressed by B. J. Kerper of G. J. Timmermann & Co., Davenport, and his talk will be: "To Maintain A Strong Economy We Must Sell Hard." Banquet speaker David Livingston, Washington, Ia., has titled his talk "Piddlers, Peddlers and Salesmen." The conference concludes with a luncheon Wednesday

when David Blount, International Shoe Co., St. Louis, will tell the group about "Dynamic Salesmanship."

## Travelers' Auto Plan In Vt.

Travelers has filed its special auto plan in Vermont effective Aug. 22. The National Bureau and National Automobile Underwriters Assn. special policy and safe driver plan becomes effective in Vermont Sept. 1.

**Transit Insurance & Securities Corp.** of St. Louis has changed its name to Investment Securities Co.

## Vote To Split Stock Of Civil Service Employees

Directors of Civil Service Employees have voted a two for one stock split by reducing the par value of outstanding shares from \$10 to \$5 per share. This would increase the number of outstanding shares from 114,676 to 229,352. The split is subject to approval of stockholders.

The board also authorized the regular semi-annual dividend of 55 cents a share payable Sept. 15 to stockholders of record Aug. 31.

## Mutual Bureau Hikes Ohio Auto Liability Rates

Mutual Bureau increased automobile BI and PDL rates in Ohio on private passenger cars 2.4%, on commercial cars, 2.5%, and on garage risks 25%, effective Aug. 24.

In conjunction with the private passenger car rate revision, the single limit liability rates for the bureau's package auto policy were also revised, effective Aug. 24.

## Profit Sharing Program Inaugurated By Combined

A profit-sharing and savings plan has been inaugurated by Combined group for 800 employees of the four companies in the organization.

Employees with two years of continuous service are eligible to participate in the plan on a voluntary basis. The employee's contribution is 5% of each month's salary, not to exceed \$600 in any fiscal year. The company's contributions are based on a rising percentage scale of the increase in surplus. For the first \$2 million but less than \$4 million of increase in surplus, the company's contribution is 5%. For increases in surplus of more than \$4 million annually, the contribution ranges from 7 to 10%. The maximum company contribution is 10% which applies to surplus increases over \$10 million.

In addition to retirement benefits, the plan also provides benefits for death, permanent disability, or termination of employment.

## Deviation Actions In La.

Louisiana has approved continuation of Allstate's deviations of 10% on most general liability lines and 5% on elevator liability for one year. The insurance commission, while approving State Farm Mutual Auto's increase in deviations of 10 to 15% on auto liability and 15 to 20% on auto PHD, disapproved State Farm's application for 10% downward deviation on certain liability lines because the submission was not accompanied by loss and premium statistical data.

The commission also disapproved Badger Mutual's 15% deviation on general liability, burglary and plate glass because no loss and premium data accompanied the submission. The commission approved homeowners deviations for New York Central Mutual Fire for 15%, American Druggists for 10% and General of Texas for 20%.

## Bureau Auto Plan In Me.

National Bureau and National Automobile Underwriters Assn. have introduced their special auto policy and safe driver plan in Maine, effective Sept. 1.

## Legislators Quiz 50,000 N. Y. Producers

(CONTINUED FROM PAGE 1)  
to report gross earnings from fire-casualty commissions and fees in 1959, number of clients for fire-casualty, and in what size community the clients lived. Another question is the amount spent on advertising of all kinds. Other questions are designed to disclose if the producer had trouble placing automobile business, and if companies had shut down on him or put up restrictions with respect to auto business.

Paul L. Bleakley of Yonkers is counsel to the committee, and Julius Wikler, former superintendent is insurance consultant.

## AT SELECTED RISKS INSURANCE COMPANY

## IBM RAMAC® 305 EARNS ITS KEEP IN 2½ HOURS A DAY

Writes, rates and codes 3 policies a minute . . . then supplies vital management information as a bonus

Selected Risks Insurance Company justifies the rental cost of the RAMAC 305 in two and a half hours of operation per day. In addition, RAMAC compiles vital statistics and end-of-month reports that can be made available from the system in a matter of minutes.

A year ago, Selected Risks Insurance Co. of Branchville, N. J., installed an IBM RAMAC 305 to help handle the twelve and a half million dollars of fire and casualty insurance premium volume it writes annually.

With RAMAC, Selected Risks has been able to mechanize rating and coding. RAMAC writes, rates and

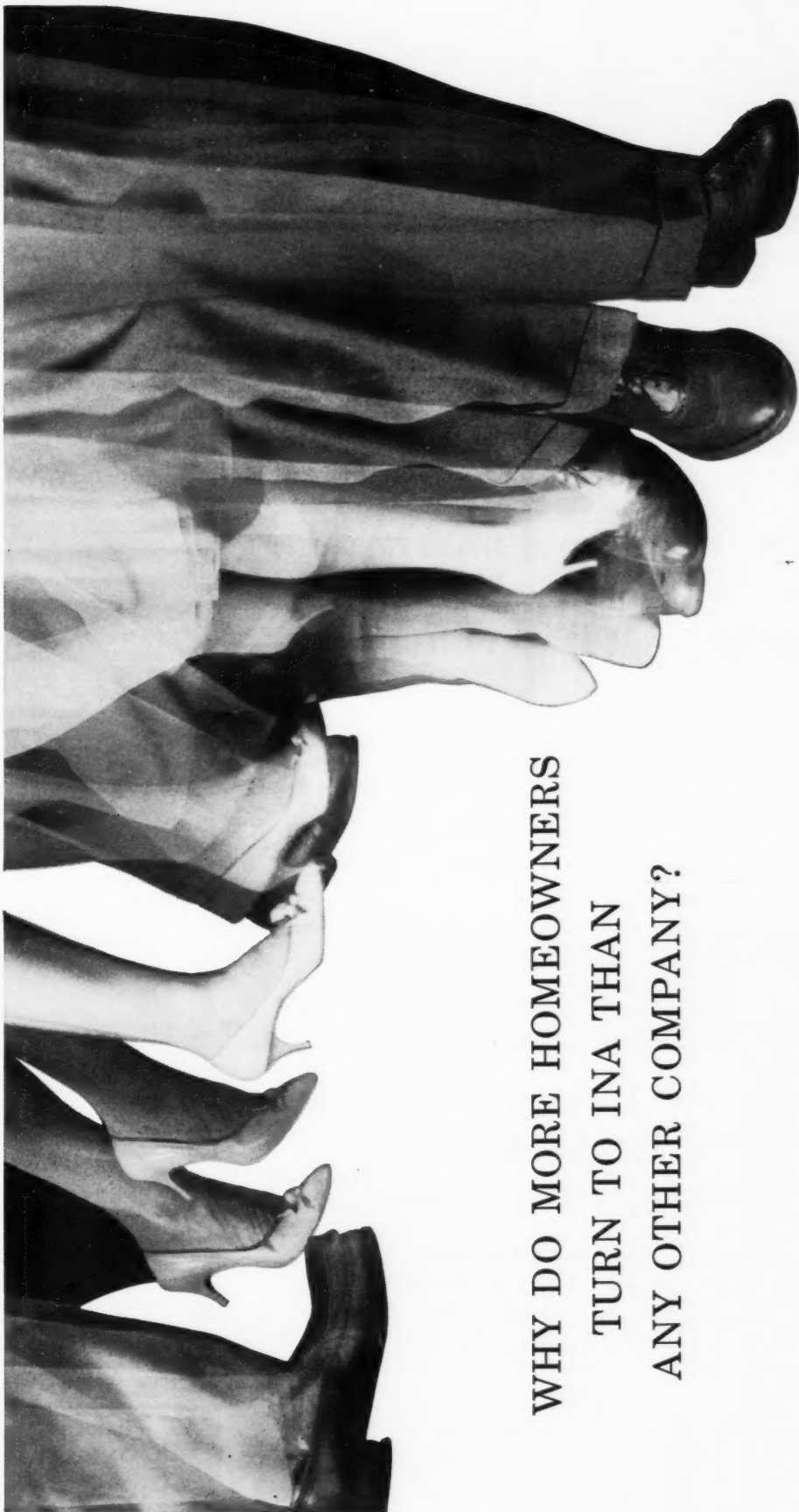
codes one- and two-car policies at the rate of three a minute, accomplishing 40 man-hours' work in a single hour. In addition, RAMAC supplies complete analyses of coverage written and of agents' production. Agents' monthly statements are now sent out a week earlier than was possible before.

Selected Risks can double in size and still utilize its present RAMAC installation. This flexibility is still another benefit of IBM Balanced Data Processing—compatible systems supported by complete planning, education and engineering services. For full information on RAMAC for your operation, call your local IBM representative. Like other IBM Data Processing equipment, RAMAC may be purchased or leased.

BALANCED DATA PROCESSING

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The way people continue to turn to INA agents for Homeowners Insurance you'd think INA was still the only company with a single "package" insurance policy for homeowners.

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Add INA's current powerful advertising in *The Saturday Evening Post*, and it's easy to see why homeowners turn to INA, and INA agents turn up more sales each year. How about you? Do you represent INA?



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222 West Adams Street  
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Expirations Settled

The suit of W. J. Perryman & Co. of Birmingham against Penn Mutual Fire in the federal district court at Birmingham has been settled with the payment by the insurer of \$55,000 to the general agency. The Perryman firm had a general agency contract with the insurer from 1947 to 1957 when it terminated it.

The contract, according to the Perryman suit, provided that the business should remain the property of the general agency; it also provided for cancellation by either party on 90 days written notice. The Perryman agency charged that after 90 days the insurer got in touch with local agents appointed by Perryman and reappointed them under a contract direct with the company. Perryman & Co. sued, asking for an injunction and damages.

The insurer, while admitting the existence of the contract, its termination, and the reappointment of the local agents, denied liability and claimed it had a right to renew existing policies after the 90 days notice by the general agent of termination of the contract. Perryman & Co. argued that it owned the expirations.

## Seek La. Fire Deductible

New Orleans Insurance Exchange has urged the Louisiana Rating & Fire Prevention Bureau to file a deductible rating plan which would provide for its use on public property and has requested Louisiana Insurance Rating Commission to approve the plan.

## Son, Not Father, Receives CPCU

In a list of new recipients of the CPCU designation released by the American Institute and published in this paper recently, Charles M. Moore of Bowling Green, Ky., was incorrectly listed as a designee, instead of his son, Charles M. Moore Jr.

Multi-Line Growth In  
Travelers' Budget Plan

Travelers reports that its premium budget plan, which was started in 1957, has shown considerable growth in the succeeding years. The program is a multiple line success. The company conceived it as a vehicle for package selling, but there was some doubt if it would do more than facilitate premium payment for single coverages such as automobile.

However, auto business now accounts for little more than half of all business on the budget arrangement. Homeowners and fire represent approximately 20% of the total, and commercial coverages of various types comprise the remainder.

Commercial lines have become increasingly important under the program since they were put on the budget arrangement in 1958. About one-fifth of budget payments is for workmen's compensation and general liability, and there is a good spread of premium income from such lines as boiler and machinery, fidelity bonds and inland marine.

## Steady Gains

The first full year of the plan developed a substantial volume from personal lines. In the second year, when commercial covers became eligible, budget premiums quadrupled. This figure increased 50% in the third year. The spread and diversity of lines written under the plan continues to expand proportionally.

Travelers notes that while its plan is solely used by its agents, it is producing premiums amounting to almost one-third of the total produced by the largest premium financing plan on the market which is used by many companies.

The company points out that life premiums can be financed under the plan and paid for in a single monthly check with other premiums. The company's new group program for business firms with four or more employees is another door opener for commercial accounts. Although group premiums cannot be put under the plan, the four-or-more program fits the one-agent, one-company sales approach.

## Cincinnati CPCUs Elect

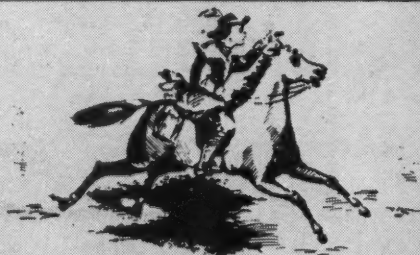
Cincinnati chapter of CPCU has elected Ward Tuten, Kinker & Co., president. Other officers are Keith Watson, Ohio Casualty, vice-president; William Ponton, Hardware Mutuals, secretary, and Malcolm Bernstein, Isaacs & Bernstein, treasurer.

The chapter will conduct a class in September for parts I and II of the CPCU study program. Richard Fey will be the instructor.

Insurance Accountants Assn. of San Francisco heard V. H. Roman of the methods and procedures department of Standard Oil of California at the August meeting. He spoke on "How to Reduce Office Costs."

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Atlanta, Ga.	Cincinnati, Ohio	Lacrosse, Wisc.	Philadelphia, Pa.	Vancouver, B. C., Canada
Austin, Texas	Cleveland, Ohio	Los Angeles, Calif.	Pittsburgh, Pa.	Washington, D. C.
Billings, Mont.	College Station, Texas	Memphis, Tenn.	Portland, Ore.	Wheaton, Md.
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## National Register For Driver Malefactors

Secretary of Commerce Mueller has designated the Bureau of Public Roads to establish and maintain a driver register, authorized by Congress to serve as a clearing house to identify drivers whose licenses have been revoked because of driving while intoxicated or conviction of a traffic offense resulting in loss of life.

The Commerce Department's announcement said that states using the register will be able to prevent or at

least reduce the inadvertent granting of driver privileges to individuals whose licenses have been revoked in other states and whose operation of motor vehicles would be likely to create a disproportionate hazard to other highway users.

The establishment of the driver register was one of the specific recommendations in the bureau of public roads report, "The Federal Role in Highway Safety," submitted to Congress by the

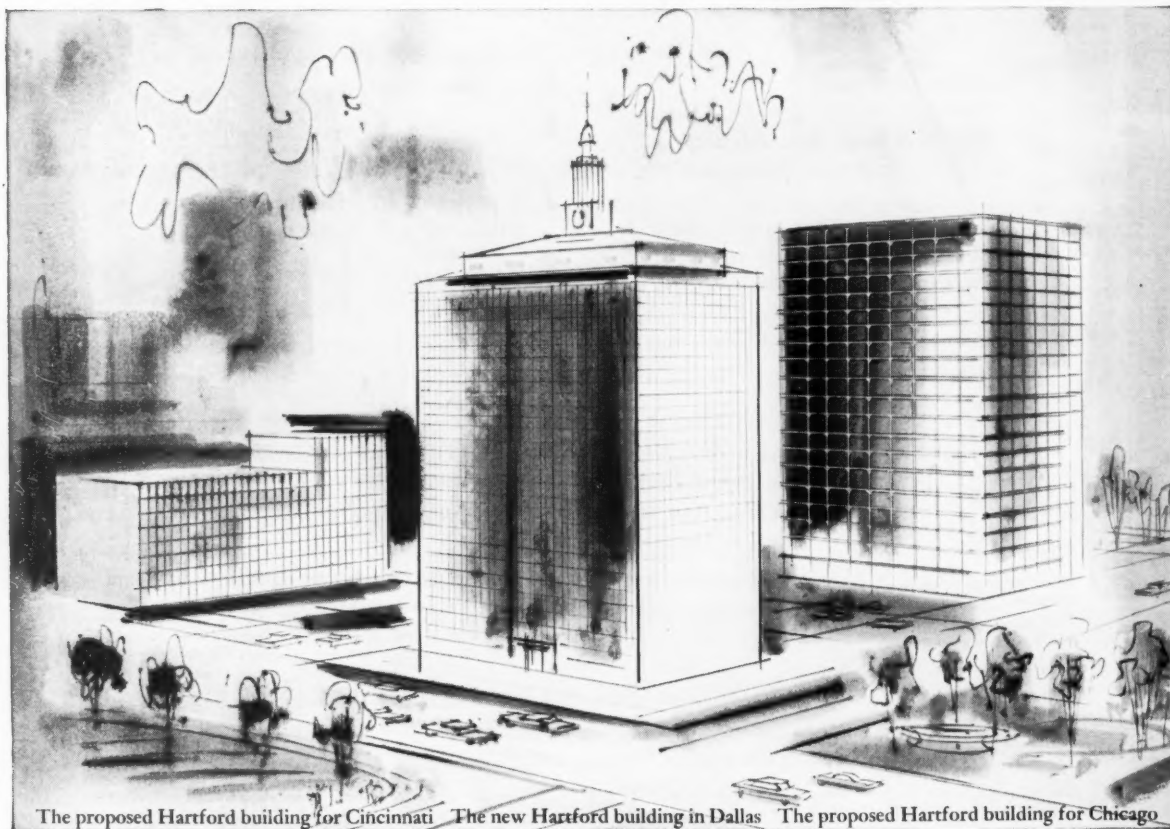
Secretary of Commerce in 1959.

Secretary Mueller emphasized that the federal government is not entering the driver-licensing or traffic-law-enforcement fields. By terms of the enabling legislation, the register will be operated as a voluntary state-federal enterprise. States that participate will furnish the bureau of public roads with identifying information on drivers whose licenses are being revoked for the specified causes, and may request the bureau to check new license applicants against the register for a record of previous revocation.



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The proposed Hartford building for Cincinnati The new Hartford building in Dallas The proposed Hartford building for Chicago

## Building...to bring better service to Hartford Agents and policyholders

Bringing the advantages of "headquarters" operations as close as possible to Hartford Agents and policyholders has been basic Hartford Group policy over the years. Steps being undertaken at the present time will further serve to promote this program.

In January of 1960, a new Hartford building was opened in Dallas, Texas. Early next year, a new Hartford building will be opened in Cincinnati. Later in 1961, a new Hartford building, replacing present facilities, is scheduled to be completed in Chicago.

These offices will become part of the Hartford Group

network of Departmental offices, strategically located throughout the United States and in Canada. Other offices are in Hartford, Atlanta, New York, Minneapolis, San Francisco and Toronto. All are equipped with the most modern facilities plus the personnel necessary to give prompt, efficient and complete service to agents throughout the territory supervised by the Department.

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Because the program is an innovation, a great deal of exploratory work must be accomplished before the register can become a working reality. Preliminary forecasts indicate that a pilot operation may be started in mid-1961, and the register could be in full operation a few months later.

### Handled In Varied Ways

One problem faced is that driver licensing is handled in a variety of ways by the states. In 22 states the motor vehicle administration agency is an independent department; in others the functions are integrated with the operations of the revenue, safety, or some other department, or dispersed among several different departments. The nature of the driver license application information and handling also varies among states. In some states, the traffic courts originate license revocations.

The bureau of public roads intends to establish a reporting system for the register that will put a minimum burden on participating states, but uniformity of reporting is essential. In designing the register operations, and in endeavoring to make the register of greatest value to all states, the bureau proposes to lean heavily on a board of consultants, to be drawn chiefly from state motor vehicle administrators and their national organization, American Assn. of Motor Vehicle Administrators. As necessary, advice will also be sought from other organizations, such as the American Bar Assn. and International Assn. of Chiefs of Police.

### Scope Of Operation

Another problem facing operation of the register is the size of the job. There are approximately a million license revocations a year, of which about one-fourth result from the two causes specified in the legislation which created the register. Thus, with all states participating in the program, the register would receive about 250,000 names annually, or an average of 1,000 each working day. Accurate identification of the individuals involved will be vital. In addition to such information, the date, class of violation, effective period of revocation, and the state taking the action will probably be recorded.

There were about 84.5 million drivers' licenses in force in 1959, but licenses are issued by the states for varying periods. Some 7.5 million new license applications are received each year by the states, of which about 2 million are from applicants of minimum legal age who have not previously had a license. The remaining 5.5 million annual new applications furnish the base from which the states may check with the register for revocation records, and could result in an average daily rate of 20,000 inquiries.

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## Mutual Loss Managers To Meet At New Orleans

Oran F. Needham, chairman of Millers Mutual Fire, will deliver the opening address at the Mutual Loss Managers Conference Sept. 13-16, at New Orleans.

Tuesday, the opening day, will be taken up with the loss managers' committee meeting, a luncheon for member company representatives, and a business meeting. Following Mr. Needham's address on Wednesday, a panel on "Cooperation—Getting the Facts—Communication," will be presented by the loss managers' committee. Panelists will be James L. Eberly, Lumbermens Mutual of Mansfield; Sam Lawson, Millers Mutual Fire; John C. Morrison, American Reciprocal Insurers; C. H. Runser, Central Mutual of Van Wert; and Arthur F. Allan, Allied American Mutual Fire, will be moderator.

### Presentation Follows Speakers

On Thursday morning, "Mysterious Disappearance" will be discussed by Patrick J. Kelly and F. D. Hawkins of Liberty Mutual, and coverages will be examined by Roy C. McCormick, Rough Notes Co. The luncheon speaker will be Edmund H. Harding of Washington, N. C. In the afternoon a presentation of "Fundamentals in Estimating Property Losses" will be directed by Robert Lusk, Mutual Loss Research Bureau. Participating in this will be R. E. Pratt, Winston-Salem, N. C.; Paul I. Thomas, American Manufacturers Mutual; G. B. Martin, United Adjustment, Kansas City; David A. Kurr, Reynolds Metals Co., Richmond; and M. M. Kaufman, Alsides, Inc., Akron.

L. B. Hazzard, New York, president National Assn. of Independent Insurance Adjusters, will speak Friday morning, and he will be followed by a sound film, "Blasting Vibrations—Cause and Effect." A question and answer session will be moderated by J. T. Hiers, American Mutual Fire. Panelists will be Mrs. Roberta Bott, Mill Mutuals of Columbus, O.; William C. Couch, Hammond, Ind. adjuster; T. M. Mayfield Sr., Charlotte, N. C.; and Robert C. Sidwell, Lumbermens Mutual of Mansfield.

## Wants Another 'Blue'—For Prescription Drug Costs

WASHINGTON—A proposal for another "Blue" insurer—Blue Star—to prepay costs of prescription drugs was advanced by Perry N. Zang, manager of the pharmacy department of the R. H. Macy department store of New York. Addressing the American Pharmaceutical Assn. convention here he said:

"It is reasonable to conceive that just as Blue Cross and Blue Shield were sold to the American public, a Blue Star prepaid insurance program might be feasible for presentation."

Mr. Zang suggested that the experience of other countries having nationalized medical programs could provide actuarial data to set up a voluntary prescription insurance plan in this country.

## Hanover Makes Changes At Chicago, Cleveland

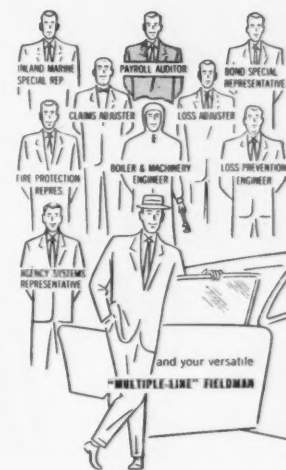
James M. Corbett, manager at Cleveland, has been appointed Cook County manager at Chicago for Hanover and Fulton. He will be replaced at Cleveland by James E. Sever.

Duane V. Lewis has been transferred from the Nebraska field to Cleveland as state agent.



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## Conventions

- August 28-30, Wyoming agents, annual, Wort Hotel, Jackson.
- Sept. 7-9, Maine agents, annual, Samoset Hotel, Rockland.
- Sept. 7-10, Alaska agents, annual, Mt. McKinley National Park.
- Sept. 11-14, National Assn. of Mutual Insurance Companies, annual, Olympic Hotel, Seattle, Wash.
- Sept. 12, Vermont agents, annual, Basin Harbor Club, Vergennes.
- Sept. 12-13, Utah agents, annual, Hotel Utah, Salt Lake City.
- Sept. 12-16, International Union of Marine Insurance, conference, Shoreham Hotel, Washington D. C.
- Sept. 13-14, South Carolina agents, annual, Poinsett Hotel, Greenville.
- Sept. 13-16, Mutual Loss Managers' Conference, Roosevelt Hotel, New Orleans.
- Sept. 14-16, Michigan agents, annual, Pantlind Hotel, Grand Rapids.
- Sept. 14-16, Society of Chartered Property & Casualty Underwriters, annual, Statler-Hilton Hotel, Detroit.
- Sept. 15-16, Minnesota agents, annual, Pick-Nicotel Hotel, Minneapolis.
- Sept. 18-20, New Hampshire agents, annual, Mount Washington Hotel, Bretton Woods.
- Sept. 18-20, West Virginia Assn. of Mutual Insurance Agents, Jackson Hotel, Clarksburg.
- Sept. 18-21, Idaho agents, annual, Sun Valley Lodge, Sun Valley.
- Sept. 19-20, Minnesota mutual agents, annual, Pick-Nicotel Hotel, Minneapolis.
- Sept. 19-21, Washington agents, annual, Olympic Hotel, Seattle.
- Sept. 21-23, Canadian Federation of Insurance Agents & Brokers Assn., annual, Mont Tremblant Lodge, Mont Tremblant, Quebec, Canada.
- Sept. 21-23, Oregon agents, annual, Sheraton-Portland Hotel, Portland.
- Sept. 21-23, Western Loss Assn., annual, Lake Lawn Lodge, Delavan, Wis.
- Sept. 25-27, Indiana mutual agents, annual, Hotel Van Orman, Fort Wayne.
- Sept. 28, New Jersey agents, annual, Hotel Traymore, Atlantic City.
- Sept. 28-28, National Assn. of Insurance Agents, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.
- Oct. 2-4, Zone IV National Commissioners, Fort Des Moines Hotel, Des Moines, Iowa.
- Oct. 2-5, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, combined annual, The Greenbrier, White Sulphur Springs, W. Va.
- Oct. 6-8, California Assn. of Independent Insurance Adjusters, annual, Ambassador Hotel, Los Angeles.
- Oct. 8-11, Kansas agents, annual, Broadview Hotel, Wichita.
- Oct. 13-14, Conference of Mutual Casualty Companies, sales and agency meeting, Conrad Hilton Hotel, Chicago.
- Oct. 14-15, North Dakota agents, annual, Grand Pacific Hotel, Bismarck.
- Oct. 16-18, Arizona agents, annual, Pioneer Hotel, Tucson.
- Oct. 16-18, Maryland agents, annual, Hotel Emerson, Baltimore.
- Oct. 16-18, Ohio agents, annual, The Neil House, Columbus.
- Oct. 17-19, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.
- Oct. 18-19, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.
- Oct. 21-23, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.
- Oct. 22-27, National Assn. of Mutual Insurance Agents, annual, Statler Hotel, Washington, D. C.
- Oct. 23-25, Missouri agents, annual, Governor Hotel, Jefferson City.
- Oct. 24, Rhode Island agents, annual, Sheraton-Biltmore Hotel, Providence.
- Oct. 24-26, Assn. of Mutual Insurance Engineers, regional meeting, Sheraton Dallas Hotel, Dallas.
- Oct. 24-26, California agents, annual, Sheraton-Palace Hotel, San Francisco.
- Oct. 26-28, Nebraska agents, annual, The Town House, Omaha.
- Oct. 27, Connecticut agents, annual, Statler-Hilton Hotel, Hartford.
- Oct. 27-28, Kansas State Assn. of Mutual Insurance Companies, Holiday Inn, Topeka.
- Oct. 27-29, New Mexico agents, annual, Western Skies Hotel, Albuquerque.
- Oct. 30-Nov. 1, Illinois agents, annual, Pere Marquette Hotel, Peoria.
- Oct. 30-Nov. 1, Tennessee agents, annual, Andrew Jackson Hotel, Nashville.
- Oct. 31-Nov. 2, Nevada agents, annual, Las Vegas.
- Nov. 1-3, National Assn. of Independent Insurers, annual, Chase-Park Plaza, St. Louis.
- Nov. 2-3, Michigan mutual agents, annual, Pantlind Hotel, Grand Rapids.
- Nov. 9-11, Insurance Section, American Management Assn., fall conference, Drake Hotel, Chicago.
- Nov. 10-11, Central Claims Executives Assn., Morrison Hotel, Chicago.
- Nov. 13-15, Kentucky agents, annual, Kentucky Hotel, Louisville.



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## Woods Shows How Unified Action Can Remedy Fake Claims Situation

Fraudulent damage suits are part of the picture of moral letdown in the U. S., N. Morgan Woods, manager of the claims bureau of Assn. of Casualty & Surety Companies, declared in a talk at the annual meeting in Philadelphia of Federation of Insurance Counsel.

There are, however, some encouraging indications that the insurance business, others in industry, and the public are heading in the right direction in combatting the fraudulent claims menace. Much can be achieved through the formula of unity of purpose and action, Mr. Woods said.

### Cited Examples

As examples, he cited the program launched by the insurance business and other interests in Dade County, Florida, last year, and the program which is being started in Pennsylvania. In both programs, his association, American Mutual Insurance Alliance, and National Assn. of Independent Insurers united in an investigation of fraudulent claims, unethical practices by lawyers and doctors, and all factors adversely affecting casualty claims.

The fact that the Pennsylvania investigation is also sponsored by the state Chamber of Commerce shows clearly that responsible businessmen are aware that the claims situation and its effect on rising rates is not a problem for the insurance business alone but is of vital concern to the general public, Mr. Woods observed.

### Cooperation Difficult To Achieve

Cooperation and unity have often been difficult to achieve in the past, he continued. The claims bureau of his association has been investigating fraudulent claim practices for 20 years and can attest to the difficulties sometimes encountered in arousing communities to action.

In 1951, for example, an ambulance chasing racket, with its attendant evils, was entrenched in Kansas City. The claims bureau's efforts to enlist the support of bar associations and other agencies proved unsuccessful—until the public was jolted into awakening. That occurred when a witness in a phony case was murdered and his body was found floating down the Missouri River. The crime set off a chain reaction. A special grand jury was appointed to investigate the conditions, and Missouri Bar Assn. then began a probe to determine if any lawyers were engaging in unethical practices. The claims bureau was asked to

assist in the investigation. Within four months, evidence against several lawyers was obtained, six were disbarred and some were prosecuted criminally.

His association was aware, too, in 1954, that the ambulance chasing racket was running wild in Dade County, Mr. Woods continued. Plaintiff lawyers were invading hospitals to solicit business, frequently from patients who

were under opiates. Perjury was being suborned, surprise witnesses and phony "eye" witnesses were being introduced at trials, claims and injuries were built up and exaggerated by many doctors, and plaintiff attorneys were resorting to the most horrendous tricks and ruses in the representation of client's interests.

### Florida Developments

In addition, the "Hollywood" type of trial was coming into vogue. This included a more dramatic use of demonstrative evidence, such as colored

photographs, skeletons, maps, etc. It was apparent that some of these plaintiff lawyers were investing large sums of money and had big stakes in the cases they were handling. Ways and means had not been found to counteract these practices. Attempts were made to arouse the people who should be interested in such activities—business people and defense counsel, for instance—but the attempts were unsuccessful.

In 1958 an appalling and continuous increase in highway traffic accidents and the still-rampant claims situation



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Jack Jiler believes in providing complete insurance service. "My bread and butter is fire and casualty but it's the responsibility of every agent to take care of his clients total insurance program," he says.

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made it necessary to increase automobile liability rates and there was little hope that the problem would ever be solved. The public, generally unaware of how bad actual conditions were and mostly apathetic about demanding that something be done about them, was content to blame the insurers for the high rates and let it go at that. But the facts were soon to be driven home and the citizens of Dade County were jolted into action.

The two big newspapers in Miami made investigations on their own. Some leads were furnished by the in-

surance business. This led to the publication of a factual series of articles depicting the shocking accident and claims picture in Dade County. The articles showed that the factors causing increased rates were beyond the control of insurers, that the public itself was to blame, and that phony claims from automobile accidents was big business in Miami. The newspapers urged appropriate and forthright action by all parties concerned. The insurance business provided safety specialists, and claims and public relations experts to assist the state's el-

ected officials. Specially appointed committees, professional and civic groups rallied for a united, vigorous and all-out attack on the problem.

#### Organized Plan

A statewide citizens advisory committee on highway safety was organized by the Florida insurance commissioner. This committee was comprised of approximately 150 top leaders representing all civic, fraternal and professional organizations. Its function was to study the state's priority needs and to recommend to the legis-

lative council committees any needed legislation to help curb the rising trend in rates, Mr. Woods explained.

Other vigorous action was taken in Dade County, and in 1959 the number of damage suits was reduced 20%. Legislation making solicitation of personal injury lawsuits a crime was passed.

Although it is still too early to determine the ultimate result of the 1959 over-all campaign, there have been other noticeable signs of improvement in addition to a decrease in the number of auto claim cases for personal injury in the courts. The legislature, for example, passed into law the major portion of a recommended 11-point traffic safety program. Newspapers, prior to the intensive campaign, had been blasting insurers for rising auto rates. In 1959 they presented the factual story to their readers and pointed out that the public makes its own rates.

Mr. Woods sees the possibility of a great crusade against fraudulent claims in the action of Pennsylvania Chamber of Commerce in endorsing the insurer association's all-out investigation.

#### Pennsylvania Action

The insurance committee of the chamber released a study on traffic accident jury awards in 12 Pennsylvania counties of comparable size, covering the period of 1953 to 1958. This survey revealed a total of \$5,967,433 was paid out, and that Washington County jury awards were the most liberal, accounting for 25% of the total. According to the survey, there was a tremendous variation in the percentage of litigated claims, and in the average verdicts among the 12 counties. The committee recommended that an investigation be made to determine the reasons for these differences and to bring about corrective measures.

The insurance business has set up its claims bureau in Philadelphia and will look into possible cases of fraud in the filing and handling of claims everywhere in the state, Mr. Woods said. The investigating staff will cover all phases of liability insurance, not only automobile cases. Evidence of a criminal nature that is uncovered will be turned over to the appropriate district attorneys.

#### Cooperation Urged

Cooperation of the bar associations and medical societies has been urged, and it can be hoped that where ethical infractions are clearly disclosed,



## Pattern for Success

There is a pattern for success and in the case of John C. Stott (above), one that's well defined and, perhaps, best exemplified by his climb to the top of the National Association of Insurance Agents. From a Member of the District Committee, Mr. Stott progressed through the District Board of Directors and Presidency. Then he was elected to the National Association Executive Committee, followed by a Vice Presidency and, finally, in 1948 he became National President, just ten years after he first became active in the Association . . . rung by rung, a well planned ascent up the ladder of success.

The pinnacle of success achieved by the John C. Stott Agency, Inc., Norwich, New York, can be attributed to a similarly well-conceived "pattern". And, take it from a man who knows . . . one of the most important factors in building a substantial, thriving insurance agency is the companies an agency represents. On this score, Mr. Stott has this to say . . .

"The progressive insurance agency needs to represent a well-balanced, multiple line insurance company. Such a company is the Standard Accident. The Standard excels in agency understanding, which is most important in these confused times. It excels in sensible underwriting and in claims attitude. In short, the name 'Standard Accident' means an insurance company that is good to live with, not for today alone, but over the years." That's from a man who *knows* . . . John C. Stott.



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these groups will strive to set their own houses in order.

There are other possible remedies for the damage suit situation, Mr. Woods noted. A defense counsel group, of which he is a member, has long been concerned about the developments in negligence practice and has decided to do something about it—to strengthen the defense side of the picture. It has created an agency called the Defense Research Institute. Its objectives are broad, but its most important function will be to enhance the knowledge and improve the skills of defense lawyers. Participation is not limited to member lawyers of the group. All lawyers doing defense work will be welcome to its facilities.

Complementing this activity by defense counsel, the insurance business represented by his association, American Mutual Insurance Alliance and National Assn. of Independent Insurers, has established a joint industry facility. This facility, to be located in Chicago, will have five functions: Maintenance of a brief bank; maintenance of information pertaining to motion strategy; an index of expert witnesses in all fields of specialization except medical; a library on medical literature; and a central information point concerning the establishment of local defense organizations.

These efforts come under the theme of unity of purpose and action. The insurance business is demonstrating that it understands the need for such action, Mr. Woods concluded.

#### Opens Sherman Oaks, Cal., Office

Pacific Employers has opened a service office at Sherman Oaks, Cal. Howard Taylor, formerly special agent at Pasadena, will be manager.

## Liability Manuals Changed By Mutuals

Mutual Bureau has revised rules and classifications of the general liability manuals effective Aug. 17 in all states, except Louisiana and New York where revisions are effective Sept. 7, and Texas where the date is Oct. 1.

On risks subject to audit, a new rule in all manuals allows premium adjustment on policies written for more than one year to be deferred until termination of the policy, if the estimated annual premium is \$100 or less. The "additional interests" rule in the various manuals are amended by reinstating the provision for additional interests coverage provided without charge for co-owners. This clarifies the intent that the definition of insured, which includes "partners," also includes "co-owners."

Many classification rules are revised to conform to standard endorsement wording, including numerous editorial changes for clarity.

On elevator liability the language of the two classifications applicable to office or bank building elevators will include push button controlled elevators.

#### Other Revisions

On M&C, the basis of premium rule is revised to require inclusion, as part of remuneration, of payments or allowances to employees for hand or power tools furnished by them. This revision is applicable only in states having the identical rule for workmen's compensation.

The "additional interests" rule, relating to coverage for liability of governmental units on policies issued to contractors in connection with permits, except those involving operations performed for governmental units, is amended so that the basis of rating is no longer restricted to "per permit."

The classification of concrete construction is amended by deleting the note which indicated that bridge or culvert building where clearance is less than 10 feet shall be rated as street or road construction. This change permits lower rated classification for such exposures. However, the former code will continue to apply where both street or road construction and small bridge or culvert building are involved. The change conforms with the classification procedure being followed for compensation insurance under similar situations.

A new classification is established for earth moving equipment other than cranes, derricks and power shovels, rented to others with operators. The rates adopted for this classification are 125% of the rates for contractors equipment classification. Classifications applicable to the motion picture industry are amended to include basically coverage for the explosion hazard without additional premium charge.

#### Rate Treatment

On OL&T the manual is amended to permit special rate treatment for "Theaters-Drive-In" not operated by insured. Formerly the unit of exposure for rating was "area," which was found to be impractical.

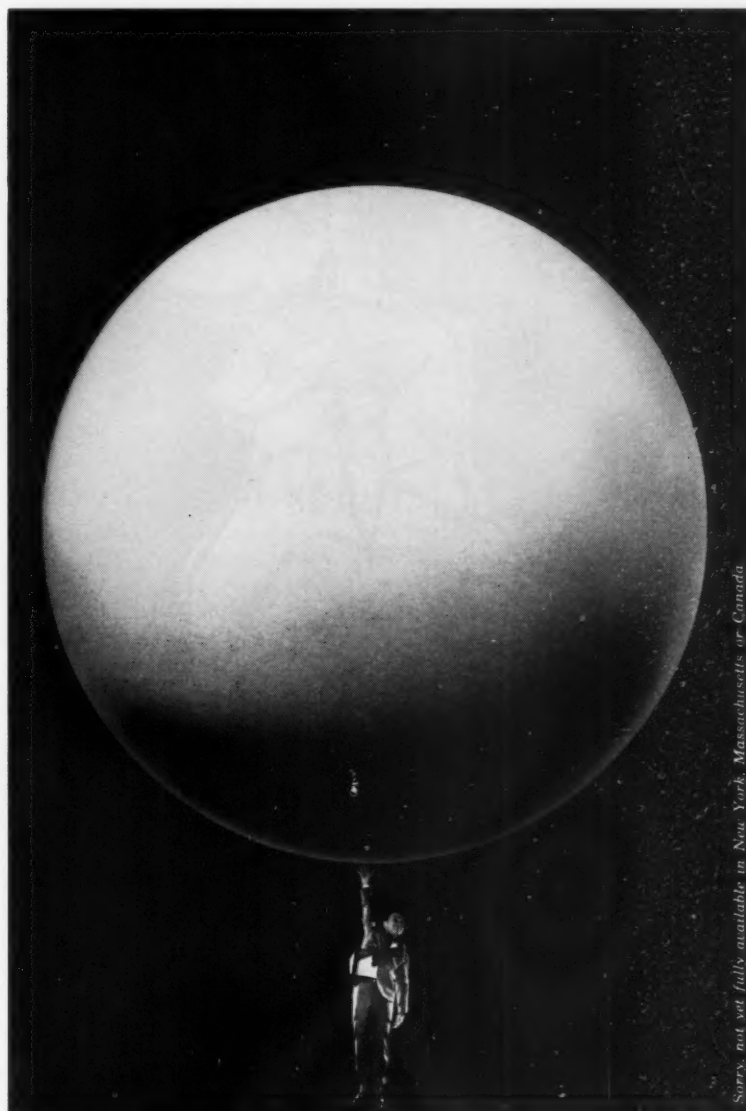
The additional charge applicable to swimming pools or bathing beaches operating in connection with apartment or tenement houses, boarding or rooming houses and garden apartments is changed so that the charge is not subject to short rate adjustment. The change parallels the rating procedure for similar exposures insured in connection with apartments, hotels, clubs, etc.

An additional charge is introduced for skeet shooting or trap shooting ranges under the clubs classifications. This exposure is not common to most clubs and is more appropriately handled as an additional charge. The classification applicable to highways or roads is amended to delete toll roads. Underwriters have frequently deemed it desirable to rate toll roads on the basis of receipts or number of cars. A new classification is adopted for machinery or equipment rented to others on a long term basis.

Under the "Stores-Five and Ten

Cent" classification a change provides that any store with annual sales of less than \$200,000 shall be classified and rated as a retail store. Previously, the division between these two classes was based on payroll, with risks having a payroll of less than \$30,000 assigned to the retail classification. With the introduction of self-service five and ten cent stores, the use of receipts as a basis of rating is a more equitable method of separating the larger risk from the small risk.

On owners or contractors protective liability the incidental written agree-



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ments rule is amended to include reference to lease of premises agreements. Coverage for lease of premises agreements under protective liability is significant in situations where such agreements permit lessees to make structural alterations in existing buildings or to construct new buildings at leased premises.

The logging and lumbering classification is revised to exclude basically property damage due to fire or to destruction of vehicles being loaded or unloaded. This change corresponds with a similar exclusion which appears

under the M&C liability classification for logging and lumbering.

On products liability the lathing classification under the completed operations section of the manual is amended by deleting the phrase, "not metal lathing." Thus this classification will apply to all types of lathing.

#### New Cal. Auto Insurer Licensed

Key Insurance Exchange has been licensed in California to write automobile and liability business. Harold R. Burk is president of the company, which is located at San Francisco.

## GAB Appoints Several In South, Southwest

General Adjustment Bureau has opened a branch at Corinth, Miss., and Claude C. Romine, formerly resident adjuster there, has been promoted to manager. The office will handle losses in Alcorn, Tippah, Prentiss, Tishomingo and Benton Counties.

New manager at Conway, S. C., is T. E. Wilson, formerly senior adjuster at Rock Hill. He succeeds W. P. Crowgey Jr., who has resigned.

Nine regional casualty supervisors have been appointed in the southwestern department. Appointees in Texas are William B. Coke Jr. at Dallas, C. R. Bradley at Houston, D. D. Bruce at Lubbock, and C. R. Kennon at San Antonio. In Arkansas, J. H. Washburn at Little Rock will be regional casualty supervisor for all of Arkansas except Texarkana and El Dorado, which, along with northern Louisiana, will be handled by Harvey G. Simmons in Shreveport. Southern Louisiana will be supervised by Charles E. White at New Orleans, western Oklahoma by J. D. Casey at Oklahoma City, and eastern Oklahoma by A. J. Stallcup at Tulsa.

## Southern Cal. Buyers Honor National President

W. Howard Clem, president of American Society of Insurance Management, has been honored by the southern California chapter at a reception at Los Angeles. The buyers also welcomed Commissioner McConnell of California; Van Joy, president of Insurance Brokers Society of Southern California; Ira Brander, president National Insurance Brokers Assn.; Fred W. Boggy, president Insurance Assn. of Los Angeles; Mark Wells, publisher, and Al Wood, director Western Insurance Information Service.

## N. Y. Board Reports July Losses Up, Amount Higher

New York Board reports that fire, EC and sprinkler losses for July as compared to the same month in 1959 increased in number 8% to 764 and increased in amount 11.8% to \$2,010,980. Losses for the first seven months have decreased in number 9.9% to 6,613, but have increased in amount 9.9% to \$18,044,505.

## Rice Is Kan. Special

National Fire has appointed Robert J. Rice special agent at Hays for western Kansas. He has been with Kansas Inspection Bureau and since 1958 with a Topeka general agency.

## Big U Is Unveiled By National Union

National Union has adopted as its advertising theme in Big U. The slogan is being initially exploited in insurance paper advertising directed to agents. They are told that customers depend on Big U—meaning the company—and on "You," the agent.

The theme is carried over into mailings furnished to agents for their clientele. One such piece to be attached to policies and other material sent to policyholders informs them that the Big U in National Union is the customer.

The message contained in this mailing piece is a strong presentation of the merits of the agency system. On behalf of the agent, the company tells the customer:

"When you bought this insurance policy you not only obtained insurance protection, but included in the price is the implied contract for the services of your independent agent—our representative in your community.

"In buying insurance—which can affect your entire economic future—service is a more important consideration than in any other purchase you make.

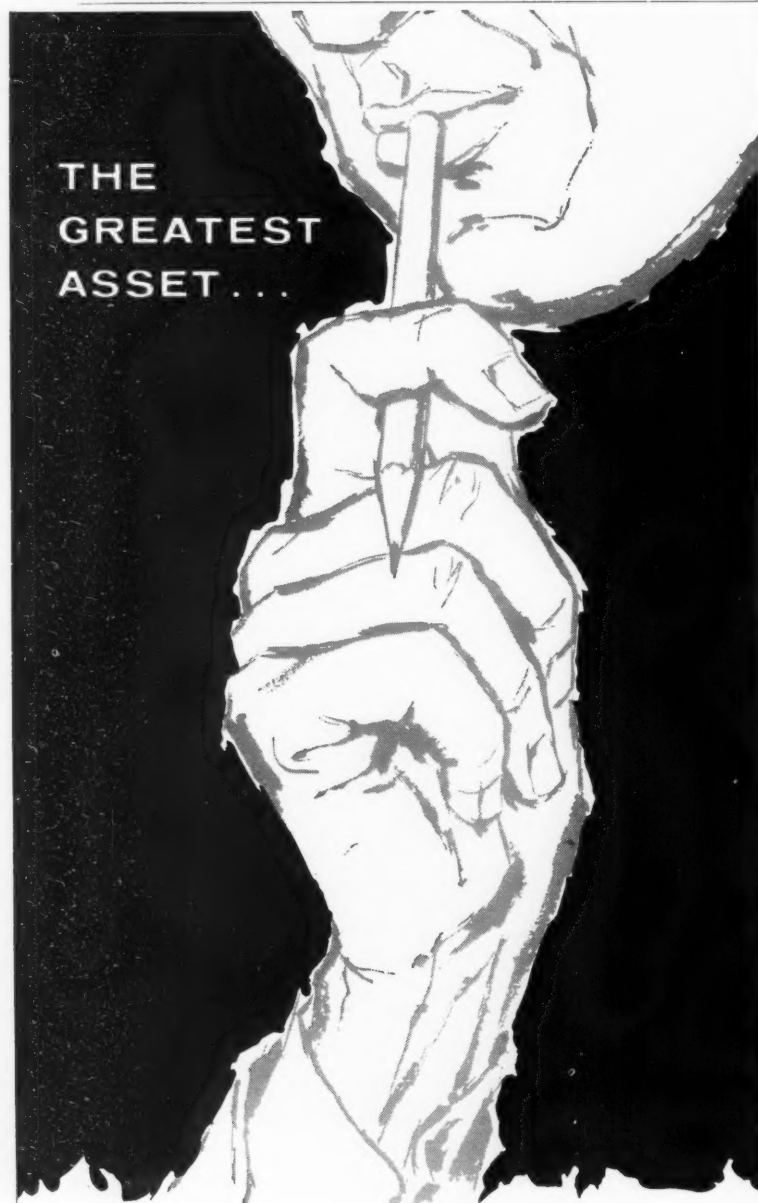
"You have wisely chosen your independent local agent to advise you in selecting the proper coverage for your particular needs. He stands ready to be of service at all times. Most important of all, should a loss occur, he will advise you on the procedures necessary to obtain the full benefits available under your policy. You will not have to lose valuable time and encounter frustration in dealing directly with the company that insures you.

"This is something to remember all during the life of your policy. It is the plus you have bought in addition to sound insurance protection."

## First N. C. Auto Deviation To Stock Agency Company

North Carolina has approved a 10% deviation on auto liability and PHD, except collision, for American National, Great American affiliate. On collision the reduction is 15%. The deviations are said to be the first granted in the state to a stock agency company.

North America has filed for an 8% deviation on the combination motel policy recently approved for Great American and any other companies wishing to adopt it. Commissioner Gold will hold a hearing on the filing Aug. 30 when he will also consider the National Bureau and Mutual Bureau filing for a 20% increase on liability rates for summer camps.



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## Many Facets To Policyholder Relations

(CONTINUED FROM PAGE 6)

that, wherever circumstances permit, liberal innovations granted to new policyholders should be extended to old policyholders on the same terms.

Since proper life insurance planning on the part of the policyholders requires up-to-date information about changes in coverage, it is a policy of the company to keep policyholders informed about such liberalizations on existing policies.

For example, a letter to be sent from the home office on request was recently made available to the field to notify policyholders having the accidental death benefit of the changeover to the "triple-indemnity" type benefit applicable to them. The letter explains the liberalization and urges the policyholder to review his life insurance program periodically. It is estimated that more than 10,000 such letters will be mailed to policyholders from the home office before the program is completed. A similar program is now being prepared to inform policyholders of a liberalization in the disability benefit.

### New Products Publicized

Similarly, letters are available to our field force through which they may bring to the attention of policyholders completely new products resulting from the company's research and development work which meet the changing life insurance requirements of our times.

3. Policyholder relations—a company-wide endeavor: Based on the premise that much of what is done at the home office level in the area of policyholder relations needs field support to be effective, the company makes a concentrated effort to have policyholder service become part and parcel of the field representative's everyday selling activities.

This is accomplished by making certain that the field force completely understands both the aims and value of the program so that they can support it effectively and enthusiastically, and by basing policyholder service efforts on the salesman's natural instinct to make sales. Only in this way can the company utilize to its fullest potential the power embodied in the field force in offering better service to policyholders as a whole.

### Policyholder Best Prospect

The company starts from the very beginning with the new man and shows him that policyholder calls are choice calls, that it is through sound sales and service that a one-time policyholder becomes a life-time client.

Throughout his whole training process an agent is taught that the surest and quickest way to success is through the combination of sales and service given to his policyholders.

This philosophy is implemented through the effective use of a work flow system that automatically treats each policyholder card as a prospect card. In effect, no difference is acknowledged between the two. Both are treated as prospects and both feed into the same system.

Each new agent is given a sample prospect file which includes the necessary index tabs for his policyholder cards. When a sale is made and before a policyholder card is filed, the policyholder's name is entered on a tickler card which will automatically feed through his prospecting system and appear before him at a given date when the next call is to be made.

### Age Changes on File

This same system is used regularly by many companies in reference to prospects, but, in addition to being a good prospecting system, it is a sure-fire way of seeing that representatives make periodic calls on their policyholders.

Another means of keeping policyholders constantly in the agents' thinking is the age change record book where policyholders as well as prospects are listed and automatically come to the agent's attention 30 days before the age change.

The combination of the work flow system and the age change record book, used regularly as a consistent part of the field representative's daily work activities, insures that policyholders will be seen regularly.

Whenever new sales material is released to the field force, it is accompanied by a market analysis emphasizing that policyholders are prime prospects.

### Keeping Policies Up-To-Date

This practice is followed with each new release and brings to the agent's attention the need for calling on his policyholders first. In addition, specialized policyholder service forms, such as the policyholder service check list, are supplied to agents. This allows the agent to make a detailed insurance analysis in order to determine if it is up to date in every respect. Another means of serving policyholders from the field level is the "Welcome" folder that can be sent to any policyholder moving into a new area, offering the agent's services in helping him become established in his new locality.

4. To fulfill the intended purpose: To insure that the policyholder's wishes are carried out, a periodic program of reviewing settlement options is essential. In March of this year, a policyholder service campaign, with the single objective of updating settlement options, was launched.

This was timed to support a national advertisement illustrated by Norman Rockwell, pointing out the rapidity with which the world changes and the need for keeping life insurance up to date.

### Program Stimulates Option Change

The campaign produced a 10% increase in requests for option changes during the following month. Two years earlier, a similar program was centered around a letter to all policyholders from the president urging a review of settlement options. This pro-

gram was subsequently sustained for a period of 12 months by a premium notice enclosure on the subject.

As a continuing part of the company's direct mail services, there are four letters addressed to policyholders which are available to agents on request. Other material available for the agent's use with policyholders includes calendars, year books, pocket diaries, birthday greeting cards, age change reminders, and many remembrance advertising items such as the birth and wedding plates.

### Mechanization Speeds Service

Giving the policyholder as quickly as possible the physical document evidencing his purchase is a vital part of the company's policyholder relations program. Through the installation of a modern IBM RAMAC 305 system the company is able to produce automati-



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cally with the highest degree of accuracy and efficiency the policy contract applied for. RAMAC production of new policies enables the company to do in seconds what used to take hours, with over 99% typographical and mathematical accuracy.

The search for lost policyholders receives special attention from the premium accounting department. During the past two years, over 2,000 "missing" policyholders have been located. At the same time, the company's lapse rate is one of the lowest in the industry due to the conservation work of its field men in cooperation with the home office conservation department.

As a consequence of the agent's program of periodic review of life insurance settlement options, during the current year over 40,000 settlement options will be changed, redrafted and put into effect by the benefit department at the request of policyholders.

#### Investments, Donations Publicized

5. To reveal corporate citizenship in the policyholder's community: In order to keep policyholders informed about the company's contributions to the economic and social well being of

their community, the company maintains a program of releasing to the press news about its investments and financial support of major educational or research funds.

Some of the more popular Massachusetts Mutual national magazine advertisement (Saturday Evening Post, Time, and Newsweek) have featured public service themes. The company's Easter and Thanksgiving ads are frequently being used by religious bodies and organizations and serve to emphasize our American heritage and religious tradition.

#### Rockwell To Urge Voting

During September, the national advertising program will focus attention on community service activities of Massachusetts Mutual field men. The October advertisement program features a personal message by illustrator Norman Rockwell urging Americans to vote in the November elections.

Each year the company makes available a "Student's Kit" of text and sample material, including a specimen policy, to college students and teachers of insurance, business administration and allied courses. Since

this program was initiated, over 10,000 kits have been distributed to 221 colleges and universities.

The company also maintains a library of newsreel films. Prints are made available to schools, civic and service organizations. The company also operates a speakers' bureau and has furnished many speakers to outside organizations on life insurance subjects.

#### FARMERS OF LOS ANGELES

Policyholder relations have always been a primary concern of the Farmers group since the formation of the first company in the group, the Farmers Insurance Exchange. The companies have felt that these relations could best be served by the agency field force at "grass root level."

To this end, agents and district managers have always had claims authority to settle auto comprehensive, collision and many property damage claims. Special attention has been given to providing immediate coverage facilities and claims handling to policyholders away from home.

Highly trained salaried adjusters are located strategically throughout the operating territory to aid agents and policyholders in handling bodily injury claims and others of the more complicated type.

#### Educational Courses Offered

Some five years ago, Farmers group created college level insurance educational courses which have been made available to new agents. In addition to auto insurance, agents are trained in the coverages offered by the Farmers' four other companies—fire, both residential and commercial; truck and business liability; life insurance, and inland marine, bonds, and other commercial coverages.

Farmers agents are encouraged to make periodic contacts with their policyholders with the idea of rendering service in planning insurance programs and in other advisory capacities.

With each auto policy, the agent furnishes his client with a wallet-size policyholder identification card, a car owner's insurance guide, and a scotch-lite bumper decal. The insurance guide is a small booklet that gives a brief description of auto coverages; tells how the policyholder will be billed; details what to do in case of an accident, and gives the address and telephone number of the nine regional offices where a policyholder may get help, day or night. The agent's home address and telephone number also appear in this booklet, and policyholders are urged to carry it in the glove compartment.

The scotchlite bumper decal is another effort in good policyholder rela-

tions through better service. One of the member companies of Farmers, Truck Insurance Exchange, employs a large number of safety engineers who travel the major highways of the U.S. and certain provinces in Canada, 24 hours a day. These trained engineers will stop and give aid if they spot a Farmers Scotchlite bumper decal on a car in trouble.

In Farmers Insurance Exchange, on the company level, a continuous sampling is made of policyholders who have had claims settled by Farmers. About 95% of those responding report that their claims have been settled satisfactorily, and over one-fourth have gone out of their way to be complimentary about Farmers service.

#### Newsletter Explains Products

Premium call billing is made by the Farmers Insurance Exchange every six months. The policyholder Newsletter is sent with the billing. This publication reports to the policyholders on new coverages or changes; gives explanations of increased cost of repairs and injuries; and includes other items or programs of special interest. From time to time, other stuffers are mailed with the premium notices.

Truck Exchange presents a different and highly specialized type of policyholder relations. In the operations of transport companies, insurance costs can mean the difference between profit and loss. Consequently, Truck Exchange is vitally concerned with every operation of insured's business which can affect his rates.

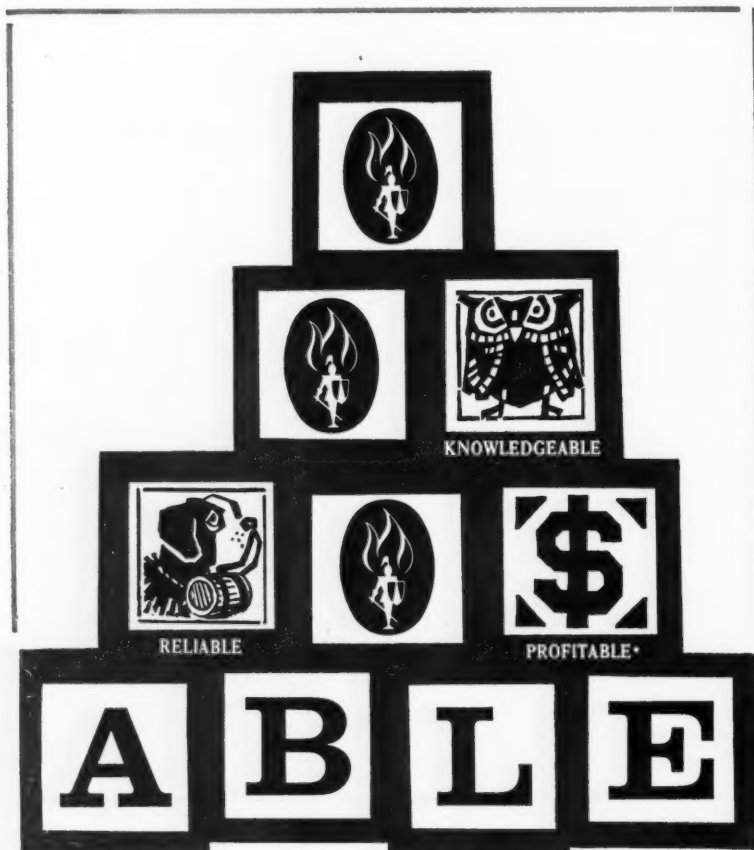
#### Safety Stressed

As previously mentioned, the organization provides a skilled safety engineering service for medium-size and large commercial accounts. Business operations are analyzed and reported upon; safety meetings are held; incentive programs are developed and safe driver awards provided. Claims reports and instructions are furnished for every truck, and a road patrol service keeps operators currently advised as to the conduct of their drivers on the highway. Both good and bad reports are given to the operator.

Since most of the policyholders in the Fire Exchange, Mid-Century and Farmers New World Life are also policyholders in two or more other companies in the group, these people also enjoy the policyholder relations programs described.

#### Regional Services Extended

Two other factors in policyholder relations are noteworthy. The decentralization of Farmers group companies into nine regional offices was accomplished primarily with the view of



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giving more efficient and localized service to customers. All companies have a time limit of 72 hours during which all policy transactions must be completed, regardless of how complex in nature.

The second factor applies to correspondence from policyholders to the companies. An assistant to the president directly handles such correspondence. Complaints are promptly investigated, and the policyholder is informed of the findings. Naturally, if the complaint is justified, redress is promptly made.

## Comments On Claims Handling By Agents

An agent in the southwest writes: Some definite changes are taking place in the adjustment of claims on dwelling and building policies. Not much has been published about it, but nearly every company now will allow agents to settle any loss to property up to \$100. Many companies allow their agents to handle losses up to \$250.

Some of the large independent companies do not set a limit on the amount of a property loss that agents can handle. In fact, one such company wants the local agent to handle all of these claims. If the volume of claims is too large, the local agent can always call in any number of company adjusters to assist him. This trend will bring about some problems that will have to be solved.

It is ridiculous to send out a highly trained and, we hope, well paid adjuster to settle a \$5 or \$10 loss. An agent shouldn't be allowed to refer these small claims to an adjuster. Some companies realize this and have instructed their agents not to bother the adjusters with minor claims.

### Training Necessary

The large adjustment companies will have to realize that more and more companies don't want the specialist to handle the small claim. They want the specialist for the large loss.

Another problem is training the agent. If the local agent is to be allowed or, in some cases, forced to handle all losses—say up to \$250—the company must develop a plan to train the agents.

If the companies just give the local agents a book of drafts, the loss ratios will certainly go up. Before the company gives the drafts, the local agent should be given some information on how to settle the loss.

There isn't any book or course to study, or any information available for the local agent to learn about adjusting. He does not know how much to depreciate a seven year old wood shingle roof, a five year old rain soaked ceiling, a two year outboard motor that needs minor repairs, etc. The large independent companies which use their local agents and adjusters should have a course of study

for them. These companies are very conscious of their loss ratios. It would seem logical not to allow the agent to adjust losses, unless he and the company know what he is doing.

### Personal Contact Vital

The independent agent who does his own adjusting, regardless of how high he is allowed to adjust, has a definite advantage over the agent whose company has him refer his loss to an adjusting company. The independent agent has a direct personal contact with his customer. The local agent who sends a stranger to his customer loses this personal contact.

The pros and cons of this situation are many. After all, the only reason people buy insurance is because they are afraid they will some day have a claim. When a loss does occur, the companies and the agents want to give the best service they can.

## Insurers Must Verify S. C. Driver Auto Cover Forms

All liability insurance certificates completed by South Carolina drivers will be checked for accuracy by insurers. This year, for the first time, drivers must certify that they have coverage or pay a \$20 fee into the UM fund.

A certificate will be mailed the first week in September by the highway department to each driver with each license renewal form. Completed certificates will be returned to the department and kept there, with copies going to insurers for verification. They will notify the department when a certificate is fraudulent. Drivers will be severely penalized for false statements.

Insurers must also report cancellations of liability policies, including those resulting from non-payment. Drivers whose coverage is cancelled for non-payment must obtain new policies and pay premiums a full year in advance or lose their licenses.

## \$3 Million All Risk Cover On Nuclear Fuel Shipment

Griswold & Co., New York brokers, insured through Fireman's Fund \$3 million in nuclear fuel elements shipped by General Electric Co. from its plant at San Jose, Cal., to Kahl, Germany.

The nuclear shipment—first of its size to be transported by steamer—was supplied for a 67 megawatt boiling water reactor under construction in West Germany and was carried in July by States Marine Lines from San Francisco on the deck of the SS Beaverstate. The Fireman's Fund all risk policy covered the shipment from warehouse to warehouse.

Mutual Bureau has revised hospital professional liability rates in Florida effective Aug. 17. The revision is in line with changes in 35 other states.

## Employers Re Appoints Three Assistant V-Ps

Employers Re has promoted three to assistant vice-president. They are Charles M. Orear and William B. Harding, former assistant secretaries, and Ben H. Logan, who has been in the claims department.

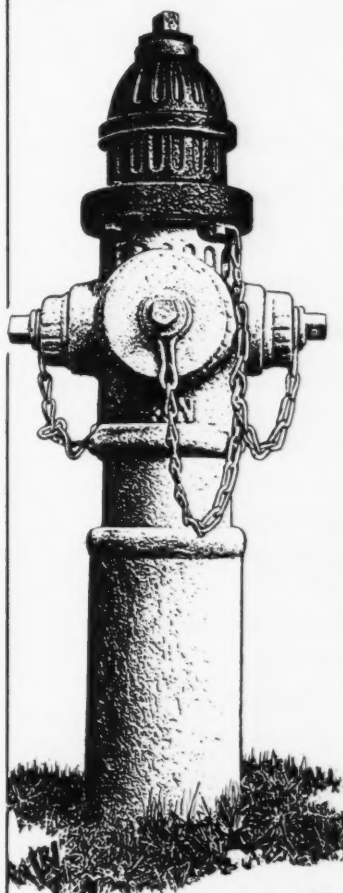
Mr. Orear went with Aetna Fire in 1935, and after World War II, he joined Kansas City F.&M. In 1953 he became fire underwriter of Employers Re. Mr. Harding has had eight years of fire reinsurance underwriting experience,

having joined the company in 1952. Starting as a claims attorney for Ohio Farmers in 1949, Mr. Logan became a member of the Employers Re claim staff in 1955.

## Haynie Va. Agency Chief

L. Graham Haynie Jr. has been named president of Davis & Stephenson agency of Roanoke, Va., to succeed Walter G. Stephenson, deceased. Mr. Haynie was with Travelers before joining the agency in 1947 as vice-president. He is a director of Virginia Assn. of Insurance Agents.

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## O'Mahoney Group Critical Of State Rule

(CONTINUED FROM PAGE 1)

erson in his book, *The Insurance Commissioner in the United States*. Subsequently, in the late 1930s, the Temporary National Economic Committee's inquiry into insurance and its regulation, which, like the present investigation, was conducted by Sen. O'Mahoney, resulted in additional suggestions for improvement.

### Big Improvement Needed

"Now, after another study," the report points out, "recommendations are being made by this subcommittee. It is hoped that these suggestions will not be again ignored by the states. It remains to be seen how long such a regulatory structure can stand without substantial improvement in substance and administration."

The basic defects of state regulation discussed in the Patterson study of 1923 are still apparent in the current activities and operations of state insurance departments, the report declares. Many of the defects of state supervision catalogued in the final report of TNEC parallel, and, in various respects, duplicate the conclusions of this subcommittee's report, Sen. O'Mahoney writes.

### Deals With First Questionnaire

The report deals only with fact material elicited by the first questionnaire to the state insurance departments.

There are 10 final recommendations: —Commissioners should be appointed by a responsible executive (subject to confirmation by the proper state

body) and their selection should be made with regard for the appointee's experience and qualifications.

—The tenure of the commissioner should be increased substantially and as far as possible competent commissioners should be continued in office regardless of their political affiliation.

—Salaries of commissioners should be substantially increased.

—Commissioners should not be obliged to undertake any duties other than the regulation and supervision of insurance companies.

### Budgets To Be Increased

—Departmental budgets of most states should be substantially increased.

—Personnel of most departments should be increased. Department work should be undertaken only by full time qualified employees whose pay is sufficient to make them conscious of their responsibilities and free from insurance company or political influence. The employment of special outside examiners should be discontinued. Development of civil service in these departments is highly desirable. Companies should no longer be required to pay salaries of examiners. If they must be charged for examination, the necessary amount should either be collected by a lump sum charge set in advance and paid by the company directly to the state treasury, or, preferably, collected through an appropriate state tax.

### More Examinations

—Supervisory officials should strengthen examination procedures particularly for domestic companies. This effort would include more frequent examinations in some states, more competent examiners, greater publicity to and full release of all examination reports, and examinations which would give greater attention to insurance operations as against the purely financial aspects of the business.

—Closer regulation and supervision of agency practices is required. Present laws for licensing agents are too frequently administered purely as revenue measures. Agents should be required to show more training, better prospects for financial success, and greater knowledge of the life insurance business. Also, supervisory officials should give more attention to such matters as company training courses, sales contests, compensation arrangements, etc.

### Suggest Standardized Forms

—The number of policy forms should be reduced and greater attention given to establishing standardized policy forms or policy provisions acceptable in

all states. The present confusion in this field is most undesirable.

—Supervisory officials should closely scrutinize activities of officers and directors and generally make more thorough checks on the competence and activities of company managements.

### Problems And Weaknesses

The subcommittee comments at some length on the problems and weaknesses covered by the recommendations.

With the increased sophistication and specialized knowledge required for effective administration of insurance regulation, separation of insurance regulatory duties from other state services is necessary, it observes. Experience has demonstrated that better regulation is obtained by this separation, and most states have done the separating with positive results.

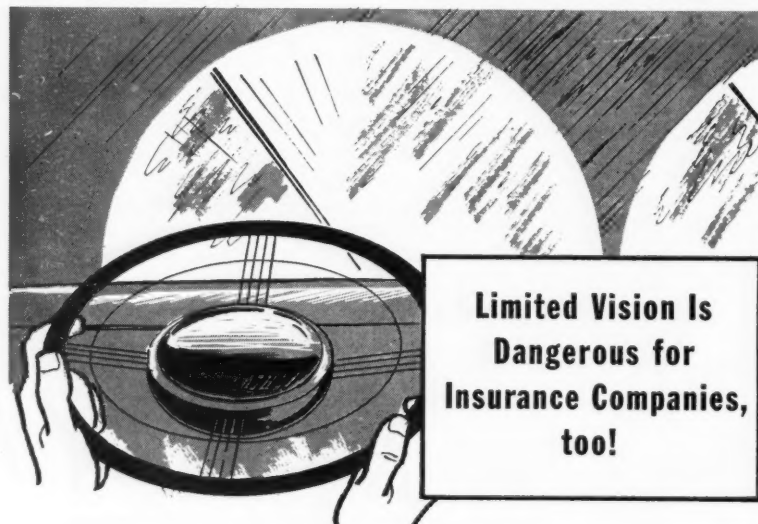
Commissioners should be selected for administrative and professional talents. By and large, the subcommittee finds, appointment by the governor (with confirmation) has worked effectively. The elective processes appear to be somewhat suspect in selecting commissioners on the basis of their special administrative or professional skills since the electorate may be more concerned with the party emblem than with the candidate's professional insurance qualifications.

Slightly more than half the commissioners presently in office have some professional qualifications for taking that office, according to the report—such as legal or actuarial training or earlier departmental technical activity. The other states generally have been deprived of this talent. The subcommittee would like to see more appointments from departmental ranks, "the best source of personnel." A prime goal of the office should be the free exercise of independent judgments, not overly influenced by commitments arising from past industry associations or possibilities of large future rewards.

### Conflict Of Interest

Commissioners and staff should not hold concurrent employment or advisory connections with industry; nor should they hold pension or reemployment rights or substantial stock or other ownership interests in insurers or agencies. Conflicts of interest will corrupt otherwise honest administrators. The case for state regulation is not advanced when public officials are placed in a position which makes it difficult or impossible to render independent judgments.

The subcommittee urges longer terms of office. Six states have a term of



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two years, too short for effective administration and continuity of regulatory policies. A minimum of four years appears in the best interest of stable and effective supervision. It takes a new official at least a year to become oriented and acquainted with the job and its responsibilities. There is a rapid turnover even in states with reasonably long terms of office. Many leave before expiration of their term—by death, disability, or for more attractive employment. Often the latter is the case. A substantial number of former commissioners now are employed in insurance, directly by a company or indirectly through the private practice of law.

Commissioner compensation in most states is grossly inadequate to attract and retain qualified people. Poor salaries also weaken the environment for an honest and efficient administration paid less than \$6,300 per year. Twenty-four jurisdictions pay less than 60% of the governor's salary. The disparity between the pay of commissioners and that of other state officials and comparable employments in private business indicates a serious weakness in state regulation.

#### Pitifully Inadequate Pay

Salaries of technical personnel under the commissioner "are pitifully inadequate in many states." Though many states have high qualifications for hiring department personnel, it is doubtful that these standards are actually met in view of the salaries.

Many states are both understaffed and poorly staffed in the insurance departments—15 departments had no actuaries and did not employ them as consultants. Another 19 states had no attorneys on the staff.

Few departments allow for self improvement programs on department time for personnel—32 states are in this category; 20 out of the 52 jurisdictions do allow special study on department time. Special study programs should be initiated to raise levels of competence, and certification programs for the more important positions should be inaugurated.

The practice of having examiners paid by the companies being examined "raises serious questions of conflict of interest," the subcommittee charges. Also, there are wide variations between states as to the per diem allowances paid examiners, so that some of the allowances are grossly inadequate and others are excessive. Examiners may not be completely qualified for their positions.

Laxity of examinations is a serious problem in state regulation, the report states. Efficient state supervision requires far greater reliance upon frequent and thorough examinations of companies and organizations than heretofore shown by many departments. Preoccupation of departments with technical rate matters has thwarted or delayed reasonable competition in the fire and allied lines business. If the purpose of the McCarran act in

promoting reasonable competition is to be given full expression, the detailed responsibilities of commissioners over rates must be substantially modified to permit a greater play of free competition. The subcommittee believes that the examination system should be a primary focus of the activities of regulation, especially in a more competitive environment "to prevent insolvencies." Effort should be exerted to recruit and retain higher paid, better qualified examiners, free of company influence.

Approximately 4.27% of total revenue collected by way of premium taxes is spent on regulatory activities, the subcommittee found. This underscores the fact that most states view premium taxes as a source primarily for state revenues rather than to support adequate and qualified regulation.

#### Discriminatory Taxes

Premium taxes in the various states discriminate in favor of domestic companies and favor certain types of companies over others, thus imposing "significant burdens on interstate commerce." This discriminatory tax structure has its impact on insurance competition.

In several states, the number of pending license applications is quite substantial, which indicates a restraint on possible legitimate competition. Two-thirds of the pending license applications were found in six states.

Certain states indicated they had not examined domestic companies for five years, which suggests to the subcommittee either a shortage of competent personnel or a general laxity of administration. Certain states give insurers advance notice of examinations so that the companies can arrange their records so as to avoid criticism. Study of several examinations led the subcommittee to conclude that for the most part they were conducted by accountants and auditors whose competence was limited to analysis of statistics and financial information. All of the examinations ignored the central issues of the competitive practices of the company or organization under scrutiny. A thorough examination must carefully review all pertinent correspondence and interoffice memoranda to ascertain attitudes toward competition and specific commercial practices.

#### Inadequate Capital

In many states capital and surplus requirements for organizing new companies appear inadequate. At the same time, requirements should not be so high as to restrict competition unnecessarily. The subcommittee suggests more uniform requirements, state to state. Wide variations in requirements apparently have as their only purpose the protection of the home market. The requirements of an operating company should be quite different from those of newly formed companies. The subcommittee urges some

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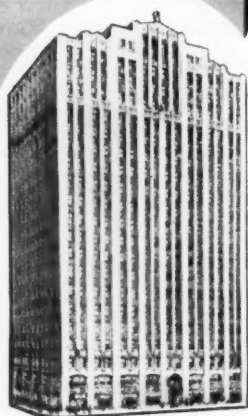
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sort of sliding scale be set up for operating companies based on risks assumed and the size of capital-surplus.

The subcommittee, as expected, charges the states with failing to deal effectively with insurance mergers. The evidence indicates that the departments have devoted little time to checking the reduction of competition through mergers and acquisitions, that many of them are technically unequipped to handle the problem, and that state law may not give them the authority to cope with the complexities of large mergers.

"This is clearly an area where amendments to the McCarran act may be needed," the report declares. "To date, the federal anti-trust enforcement agencies have not seen fit to request additional authority in the insurance field. Developments in the industry in the immediate future and the experience of the federal government under the present law will determine the need for any change."

### Liquidation Problem

Liquidations pose interstate problems in doing equity to policyholders residing in several states. Deposit laws are an attempt to protect local insured, but the state regulatory machinery is generally quite incapable of handling the complex liquidation problems of an interstate insurance company operation.

State actions to enforce statutes on restraint of trade, monopoly and unfair trade practices indicates lax supervision. In 30 states, from 1953 to 1957, no formal action was taken involving violations of such statutes. In 10 states only was it possible to deduce that such action had been taken. New York led the list with 83, more than one-third of the total, followed by Virginia with 59 and Colorado with 15. Most of the cases listed dealt with unfair advertising. Data which would reveal anti-competitive behavior are not sought as a regular part of examination procedures.

### To Separate Buildings, Contents Rates In Texas

AUSTIN—Buildings will be separated from their contents in rates for extended coverage classes 1, 2 and 3-4, effective July 1, 1961, the Texas board has decided.

Companies have been directed to keep separate statistics for buildings and contents in the three classes on all policies processed on and after Sept. 1. The board said, rate differentials between the two in these classes are contemplated, and these also would become effective next July 1. The revision was made at the request of Texas Insurance Advisory Assn., having been presented at a recent public hearing.

### Mutual Auto Rates Are Revised In Pa.

Mutual Bureau has decreased private passenger auto rates by an average of 1% in Pennsylvania, and has increased rates on commercial cars 5% and on division 1 garage risks 15%, effective Aug. 17.

Pennsylvania territories are being adjusted to reflect the expansion of city and suburban areas, population growth and changes in traffic patterns.

**Minn. CPCUs Honor New Designees**  
A dinner party honoring 11 new CPCU designees from Minnesota and North Dakota has been held by the Minnesota chapter of CPCU at the St. Paul University Club.

### NAIA Program Will Feature Outsiders

The program of National Assn. of Insurance Agents in Atlantic City Sept. 25-28 will feature several prominent men from outside the business. Maurice H. Stans, director of the federal bureau of the budget, will be the keynote speaker at the closing session Sept. 28.

Two Washington columnists will open the convention with a political debate on "Who Will Win and Why?" Robert S. Allen, who writes "Washington Merry-Go-Round," will represent the Democratic viewpoint, and Kenneth Crawford, senior editor of Newsweek in charge of its Washington bureau, will give the Republican side.

Sammy Kaye and his orchestra will provide music at the presidential ball Tuesday evening.

### Provost Is Director Of Minn. Information Center

Robert P. Provost has been appointed executive director of Minnesota Insurance Information Service. He succeeds Thomas H. Swain, who resigned to become campaign manager for Elmer L. Andersen, Republican candidate for governor.

Mr. Provost has been director of the University of Minnesota greater university fund. He has also had insurance experience.

### Wilson Joins Ambrose & Co. General Agency At Atlanta

M. Q. Wilson has joined the J. D. Ambrose & Co. general agency at Atlanta as chief underwriter and office manager. Previously for 24 years he was with the L. E. Rife general agency of Mobile as fire and casualty underwriter, and, subsequently, vice-president. He started with the Palmer & Barnett general agency in Atlanta and then was for six years with North America in the fire underwriting department at Atlanta.



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## Psychological Tests Predict Experience

(CONTINUED FROM PAGE 1)

over a period of several years, established that there was no need to concentrate upon improvement of driving skill or mechanical know-how, as the youthful driver surpasses his elders in these areas.

It was recognized, too, that he could not be policed toward normalcy in driving as he is well aware of all the rules as well as the mechanical limitations of the automobile. The one remaining area commanding investigation was that of his personality traits and attitudes as they relate to his driving habits and to his regard for the rights of others.

### Haner To Design Tests

Arrangements were made with Dr. Charles F. Haner, chairman of the psychology department of Grinnell College, to undertake the development of a measurement device and proper methods of application for testing male drivers under age 25. Dr. Haner is singularly qualified for this assignment due to past experience with psychometric evaluation of drivers and a deep interest in safety on the highway.

The test which was finally developed was intentionally designed to be comprehensive. Its completion requires from 30 minutes to three hours, depending on the reading skill and the degree of comprehension of the individual. The test does not measure degree of intelligence, nor does it have anything to do with motor skill or with ability to drive an automobile.

### Home Office Scoring

The tests are administered by members of the central office staff at regular testing stations throughout Iowa. Much of the success of the program is due to the manner and the climate in which the tests are administered and to the explanations given to applicants prior to actual completion of the inventory. All scoring is done in the home office, together with the endless task of correlating test scores with accident records.

The results of the program thus far are most encouraging. Conclusions reached at an early stage were discounted to a considerable extent due to the relatively small number of cases involved. However, there were undeniable indications of a close relationship between the driving records of individuals and their test scores.

Later analyses have not only supported but strengthened earlier conclusions and leave no doubt as to the validity of the measurement process. Not only is there close correlation of test scores and accident records where the driver is known to be at fault, but exactly similar trends are evident in non-fault cases as well as comprehensive claims involving glass breakage and other minor physical damage.

Much time will be required to broaden the basis of validation and to

extract from the wealth of accumulated data the pertinent by-products which will be needed to further strengthen the program. It is sufficient to say at this time that all important findings have been in support of the testing program and that none has discounted its accuracy of prediction.

By DR. CHARLES F. HANER

Psychologist-in-Charge  
Youthful Drivers Testing Program  
Farmers Mutual Reinsurance

The accident rate for drivers over 25 declines. The question of why the number of accidents, violations and claims proportionally drops off after about 25 years of age is a crucial one.

It is clearly not due to improved sensory acuity, faster reaction time, or better coordination. First, there is little change in these physical characteristics over this period of time. Secondly, this general age is the one of greatest sensory acuity, fastest reaction, and best coordination. Lastly, many studies have shown little or no relationship between these physical characteristics and accident rate.

A second general explanation, and one rapidly gaining recognition and acceptance, is that the attitudes, personality characteristics, adjustment patterns and so forth of a person will be reflected in his driving and that a substantial percentage of automobile accidents probably results rather directly from these attitudes and personality characteristics.

### Becomes Safer Driver

As the youth matures psychologically, his attitudes, personality characteristics, and adjustment patterns gradually change and for the most part in a direction of safer, more responsible driving. There are numerous bits of evidence in support of this view. One of the most convincing is the differential accident rate of underage males and females when miles driven is equated.

Taking the position that a person's attitudes and personality will be reflected in how he drives, it becomes more sensible and infinitely fairer to attempt to assess these characteristics and set rates on the assessment results rather than arbitrarily at the chronological age of 25.

It is clear that psychological maturity, personality adjustment, social responsibility and the like are not highly correlated with chronological age. Some boys at 18 have those attitudes and personality characteristics which make for responsible driving, while others may develop them by 25, others by 40, and some never. Some boys of 16 are more mature and responsible than many men of 35.

To use a strictly chronological criteria for rate setting is arbitrary, often inaccurate, and manifestly unfair to many drivers. Personality and at-

titude assessment techniques, while far from perfect, would seem to be more accurate.

### Assessment Procedures

Three approaches to the assessment of the attitudes and personality characteristics of drivers were used: A psychological inventory (test), a biographical application form, and reference forms.

The inventory, or test, as it is generally called, originally contained about 350 closed-end or objectively answered questions and 20 open-end questions. The latter posed social problem situations and required the applicant to explain what he would do in, or how he would handle, such situations. The inventory since has been revised and presently consists of about 250 closed-end items and 10 open-end questions.

The biographical index is a lengthy personal history record form designed to get at experiences and activities of the applicant which might reveal the attitudes and personality characteristics which were judged to be related to driver responsibility. On the application form the names and addresses of persons in specified positions, or having specific relations to the applicant, were to be supplied. Short reference forms of several sorts were sent to them.

Falsification of replies by applicants was recognized as being a potentially serious problem. Therefore precautions were taken to try to prevent it or to detect it if prevention failed. In the instructions read to the applicant at the administration of the inventory, it was stressed that measures of falsification were an integral part of the test and that an excessively high lie score would place the applicant in a high rate classification.

Lie scores are obtained and do result in some applicants being placed in the highest rate grouping. Instructions on the application blank indicate that most of the answers can be checked for accuracy, that a sampling of them will be, and that an excessively high lie score would again lead either to rejection of the application or to classification in the highest rate category.

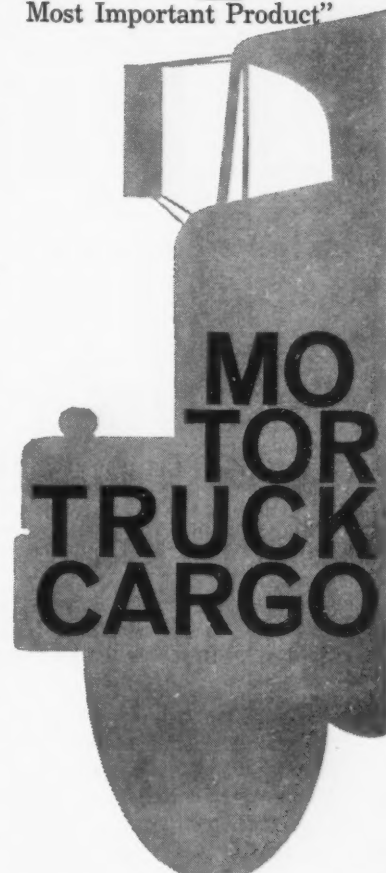
### Psychometric Data

The psychometric results could be used in two ways: (A) To determine acceptance or rejection of the application for insurance or as a contributing factor to accept or reject; and (B) to determine classifications.

A. Acceptance or Rejection of the Application for Insurance. Recently we began to use the score on the personal history form (application form) as one factor in the decision to accept or reject the application for insurance. A low score is the basis for sending out reference forms and otherwise making a rigorous check on the applicant. Reference forms have been very useful, but their wholesale use met with some opposition from raters. Therefore they now are being used



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only in the case of personal data forms which appear to be unfavorable. Since this phase is so new, no results are yet available as to its effectiveness.

**B. Premium Setting.** A three level rate structure is used. All applicants are insured at the highest rate and the rate then is adjusted on the basis of performance on the psychological inventory (test). An applicant need not take the test. The entire program is optional, but if he does not take the test, he automatically goes into the highest rate class.

#### No Judgment Involved

According to the score on the test, the youthful driver either remains in the highest rate group or is reclassified into one of the lower rate categories. There is no judgment involved. The premium is automatically determined by the applicant's score on the test. The premium reduction is very substantial.

There is no provision for downgrading an applicant in one of the better rate classifications if he subsequently has a culpable accident. A person falling in the highest rate classifica-

tion may after two claim-free years again take the inventory and improve his rate classification.

Approximately 2,200 underage drivers have been tested and insured since the program began. About 23% have fallen in group 1—the highest test score, lowest premium group; about 43% in group 2—the middle range of test scores and middle premium; and the remaining 34% in group 3—the lowest test score, highest premium.

Each claim is classified as involving complete or major responsibility for the claim (code 1), as involving contributory negligence or responsibility (code 2), as involving no culpability (code 3), or as a comprehensive claim (code 4).

Most code 1 and 2 claims—that is, involving major or contributory responsibility—result in payment by the company. Very few code 3 claims—no culpability—do so.

Table I below shows the percent of all tested underage drivers falling in each of the premium categories, the percent of the culpable claims coming from each of the test categories, and finally a ratio with a base of 100.

If a group has as many claims as

its percent of all underage insured, a value of 100 would be obtained. A value of less than 100 indicates that the group is submitting fewer claims than would be expected in terms of the percent of drivers in that class. Conversely, a value in excess of 100 indicates that the group is having more than its proportional share of accidents.

Test Score Group	% of Underage Insured	% of Code 1 & 2 Claims	Ratio
High	23	11	48
Middle	43	37	86
Low	34	52	153

It is clear that something less than half as many claims have come from the high test score group as would be expected, and half again as many from the lowest scoring group as would be expected. The obtained distribution of 11, 37, and 52% of claims differs from the 23, 43, and 34% distribution of examinees at well beyond the 1% level of confidence as determined by the Chi Square test.

#### Claim Data Similar

The data on claim settlements show somewhat similar results. The total settlement of claims stemming from the lowest test score group is about three times as great as the total settlements from the top scoring group.

One of the results most surprising pertains to the non-culpable and comprehensive claims. We had anticipated that these claims would correspond closely to the distribution of insured in the three test groupings. Actually they tend to follow the distribution of the culpable claims, though the pattern is somewhat flatter. Table II contains figures for non-culpable claims.

Test Score Group	% of Underage Insured	% of Code 3 Claims	Ratio
High	23	14	61
Middle	43	42	98
Low	34	44	129

Undoubtedly, some of these claims are not insured's fault in any conceivable way. Others may not be the legal fault of insured but he may have been psychologically at fault. A driver who demands his legal right-of-way and who will not yield to another driver who is making an illegal entry to a road is apt to be involved in an accident. Had his personality been different, had he not insisted on his legal right, he might have avoided the accident.

Hence the non-culpable claims are probably a mixture of truly unavoidable accidents and avoidable ones. Comprehensive claims, which follow the same pattern of distribution among the test groups, are likewise in some instances not insured's fault and in some instances they are, as when he follows too closely on a gravel road and gets his windshield chipped by a rock from the car ahead.

Two other figures are of some interest. Of the company's insured who have had their drivers' licenses revoked or suspended, 81% are in the low test scoring group. Of those drivers who have submitted two or more claims, at least one of which involved culpability, 80% are in the low test score group.

#### Future Plans

We shall continue to revise and experiment with our present instruments in an effort to improve their predictive efficiency. In addition, other methods of measuring personality are and will continue to be tried out and other scores may be added to the inventory. It is probable that psychometric results will play a more important part in the determination of

acceptance or rejection of applicants for insurance subsequently.

Consideration is being given to the establishment of another rate category for underage drivers, in this case at the lower end of the test score range. Analysis shows that young men scoring very low on the test (the bottom 10%, approximately) are submitting about 25% of all claims and most of the repeat claims.

As the objective of the program is to reward the youthful driver who has proved that he is responsible and possessed of mature attitudes and driving habits, the company reaps its greatest return from expression of appreciation by young men who have benefited.

Here is an excerpt from an unsolicited letter:

"Now that your company has invested a great deal of confidence in me, I want you to know that I will do all to live up to that confidence. I really feel honored to be a part of such a vital, progressive, and long-needed program as the one that has been undertaken by the Farmers Mutual Reinsurance Co."

#### Combined Directors Vote Stock Dividend

Directors of Combined of Chicago have voted a stock dividend of one share for each three shares held.

The stock dividend, designed to increase the company's capital from \$1.5 million to \$2 million, will be subject to approval by stockholders at a meeting Sept. 1. If approved the dividend is expected to be issued Oct. 15 to stockholders of record Sept. 23.

#### Insurance Restored Town. Roseburg Mayor Tells Agents

Roseburg, Ore., could never have recovered without the help of insurance from the explosion last year of a truck laden with dynamite in the downtown section, Mayor Arlo Jacklin declared in an address before Portland Assn. of Insurance Agents. The mayor said 98% of the property suffering damage was insured and that all the insured received prompt settlements, some within a few hours, the total exceeding more than \$9 million.

The mayor said the insurance payments started a chain reaction and the city's main street is lined with new store fronts and new interiors.

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## Tex. Mutual Agents Elect Goehrs

(CONTINUED FROM PAGE 2)

every premium dollar collected is spent in the adjustment of losses.

Three essential qualities the adjuster must possess are strong moral character; intelligent grasp of the claim conditions, and unquestioned integrity. He should know law, medicine and psychology, have a ready smile and be willing to work.

G. Sherman Blair, vice-president-secretary Middlesex Mutual Fire, speaking on automobile insurance, stated it was possible to determine every reaction of an underage driver by using one of the student driving training machines now available. The highways today are literally "covered with the young" and never has education in this field been more important.

Agents must get behind a safety program and a revitalization of those programs which have already brought about a measure of safety on the roads. The public does not need any more power in their cars; only more safe cars.

Mr. Blair called for a national committee to study auto safety so that state and federal regulations could eventually stabilize safe driving regulations.

### Flanagin Is Keynote

The keynote address was given by Norris C. Flanagin, president Lumbermens Mutual Casualty. He commented on the current state of mutual insurance, saying the loss ratio is better, operational expenses are about the same, investments are brighter, but that, nevertheless, some companies are less than happy.

The competitive situation concerns all companies. The auto market is critical. If the auto business is conceded to the direct writers, other lines may be affected and the total premium income thus reduced.

Direct writers require more complete applications for auto insurance than do the mutual companies, Mr. Flanagin said. Mutual companies should rectify this situation. They

should also be competing more actively for the services of young men who will be making insurance their career.

O. C. Lee, vice-president of sales Harleysville Mutual, offered six steps towards a successful agency: Knowledge and service; selling in the field; receptiveness to change; planned work habits; agency representatives who are "quality" material, and the ability to recognize the advantages of automation.

Mr. Lee suggested that agents add life insurance to their portfolios. Insurance has been less ready to accept change than have other fields of business. Agents could well apply to their own businesses the mode of rapid change seen in the automobile industry itself.

E. B. Collett, president Millers Mutual Fire of Texas, said that despite the fact that agents will spend their lives in the future, they have become so engrossed with their present-day problems they have sometimes failed to see how these must be correlated with the future.

A forum on the problems of agency management was held featuring J. W. Bridges, Houston; Ward Collier Jr., Fort Worth; P. G. Knudson, Waco; Richard Long, Wichita Falls; Harlin Morrison Jr., Dallas; J. W. Nichols, Denton, and Messrs. Reynolds, Johnson, and Koebig. Mr. Ruble was moderator.

The Texas Safe Driving Plan was discussed and the consensus was that the public definitely needs education in this area as it has little knowledge of the plans purpose or value.

### CASUALTY UNDERWRITER

Thirty three year old multiple line company operating in 42 states and now in new growth phase under experienced and progressive management group wishes to employ well qualified casualty underwriter. Relocation and travel expenses for interview will be paid by company. Write fully including salary requirements to: **Vice President, Preferred Insurance Company, Grand Rapids 1, Michigan.**

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### MANAGER

Canadian Sprinklered Risk Pool to operate in Ontario and Quebec, Headquarters Toronto, seeks Manager with necessary experience. Salary open. Apply: J. Cecil Stuart, Independent Insurance Conference, 7 Adelaide Street West, Toronto 1, Ontario.

### INDIANA AGENTS

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Age 34, has proven ability in research and development of effective, productive systems, forms and rating schemes, particularly a mercantile fire rating plan of interest to an independent company. Background 13 years senior multiple line underwriting. Reply to Box T-35, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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Large eastern life, casualty, fire, surety company (not located in New York) is seeking an Actuarial Assistant. Age 24 to 30 with few years life actuarial experience. Must be willing to qualify in Society of Actuaries and Casualty Actuarial Society. Should have passed the preliminary examinations of the Society of Actuaries and be prepared to pass Parts 4A and 4B.

Answers confidential. Write, including details of education, experience, and professional progress to Box T-19, c/o The National Underwriter, 175 West Jackson Boulevard, Chicago 4, Illinois.

### INSURANCE MANAGER

Commercial insurance division of major multiple line company needs manager for all functions except sales. Requires substantial knowledge of commercial casualty and fire underwriting and rate making. Applicants could be large insurance buyers or in management in the insurance industry.

This is a rapidly growing operation. Present volume over \$25,000,000 in premiums. Applicant must have management experience and ability to supervise and direct all operations involving automobile and truck fleets, motor cargo, commercial fire, other casualty including excess and surplus lines. Salary open but substantial. Submit complete resume indicating income requirements and brief statement on your desire to change companies. Write Box T-7, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### ENGINEERING OPPORTUNITY

Thirty three year old multiple line company operating in 42 states and now in new growth phase under experienced and progressive management group wishes to employ well qualified person to head new casualty engineering department. Relocation and travel expenses will be paid by company. Write fully including salary requirements to: **Vice President, Preferred Insurance Company, Grand Rapids 1, Michigan.**

### MULTIPLE LINES—MARINE SUPERVISOR

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### OPPORTUNITY FOR FIELDMAN

We need for established Louisiana territory a multiple line fieldman to represent Mutual facilities. Prefer man with experience, preferably in Louisiana. Please give us in confidence your experience, age, education and salary needed to consider a change. Write Box T-31, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### FIRE PROTECTION ENGINEER

Excellent opportunity with Chicago office of large insurance brokerage firm for well qualified fire protection engineer. Applicant must have extensive experience on large industrial risks. Knowledge of rating procedures desirable. Replies held confidential. Write Box T-32, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### INSURANCE FIELDMAN—FLORIDA

Well established agency company has opening for multiline Fieldman in state of Florida. Minimum experience of 5 years in Field or Underwriting. Reply Box T-33, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## Underwriting Profit For Civil Service Employees

Civil Service Employees enjoyed an underwriting profit for the first six months of \$399,505, an increase of 28.63%. Net income amounted to \$397,609, up 54.40% over the first six months in 1959. On a per share basis, net income was \$3.47 compared to \$2.50.

Gross premiums written the first half were a record \$4,195,811, up 18.32%.

The loss ratio in the first six months amounted to 62.99%, compared with 61.21 for the first half of last year, and the combined loss and underwriting expense ratios was 87.41% against 87.86% last year.

## New Hine's Counsel Listing

The 52nd annual edition (1960-61) of Hine's Insurance Counsel has just been published. The 605-page volume lists insurance and transportation defense counsel in the U. S. and Canada, those listed having been selected on the basis of experience and local reputation.

Supplemental listings include handwriting experts, insurance companies, company groups, organizations, state insurance officials, and transportation lines.

Free copies for claim or legal officials may be secured from Hine's at P. O. Box 71(X), Glen Ellyn, Ill.

## Editorial Comment

### A Statistical Index Of Competition

Statistics from an insurance department throw light on the current competitive situation in the fire and casualty business. The New York department reports that 93 companies that are members of or subscribers to the services of rating organizations, received approval in 1959 of fillings which deviated from the rates, rules or forms of such organizations. Of these companies, 49 were stock, 31

mutual, 10 cooperatives and three Lloyd's or reciprocal. There were 102 deviations concerned with rates and 82 on rules, forms, or both.

Also, 59 of the companies had independent filings that covered lines not rated by any rating organization, including credit insurance, certain multiple peril contracts and malpractice liability for certain kinds of risks.—K.O.F.

### Car Control And Collisions

In a discussion in Phoenix of the need for getting active support from the public for a traffic safety program, Russell I. Brown, president of Insurance Institute for Highway Safety, made the point that with rare exceptions what are called "accidents" are not really accidents at all. They did not happen by chance. They were caused. Perhaps, he suggested, we ought to call them "collisions."

Also, he asked, is the concept of safety an appealing one to the American public? Perhaps some other term, "car control" for example, would be more effective.

Then instead of asking drivers to be safe, to stay out of accidents, we

would ask them and tell them how to retain car control in order to prevent collisions. Car control would exist when a driver has the time and distance he needs to avoid collisions with other cars, fixed objects, and pedestrians. The skill motivation might be more effective than the safety motivation.

These are good suggestions. Safety like fire prevention, has very little appeal where appeal is wanted—to the careless. Their appeal is the greatest to those who least need them, the prudent. Fresh terms might help to communicate to the individual the grisly reality of the one and the horror of the other.—K.O.F.

## Personals

**John R. Beckett**, who will succeed Horace W. Brower as president of Transamerica Corp. Sept. 15, and who is a director of American Surety, is an investment banker. He was formerly a vice-president of Blyth & Co. at San Francisco and at one time he was on the Securities & Exchange Commission. Mr. Brower continues as chairman and chief executive officer of Transamerica, which is the parent company of several insurers.



John R. Beckett

**Frank C. Gittinger** of the Gittinger agency, San Antonio, on Aug. 16 mark-

ed his 50th anniversary in insurance. He began as a collector for the Spruce agency and the R. H. Wester Co. agency, and then was a clerk and special agent for several agencies, including a partnership in the Rohde & Gittinger agency from 1921 until he began conducting the Gittinger agency in 1946. Mr. Gittinger is a past president of San Antonio Insurance Exchange and past president of Texas Assn. of Insurance Agents.

**Harold G. Evans**, president of American Casualty, was chosen 1960 man of the year by Federation of Insurance Counsel at its annual convention in Philadelphia.

**F. F. Ludolph**, secretary San Antonio Insurance Exchange, became a great grandfather twice within the last six months. The grandchildren are Leslie R. Swensrud, the daughter of Mr. and Mrs. George Swensrud of Cambridge, Mass., and a son born to Mr. and Mrs. J. B. Perrigo of San Antonio. The Perrigo baby is a grandson of J. L. Stedeham of the Catto & Catto agency of San Antonio.

## Deaths

**JOY LICHTENSTEIN**, 86, former vice-president of Hartford Accident



Joy Lichtenstein

and San Francisco manager of Hartford Fire, died after a brief illness. He entered the business around 1906 with American Bonding. In 1910, he joined Pacific Coast Casualty, becoming secretary and two years later went with Globe Indemnity as manager of the surety department. One of the pioneers in combining fire and casualty insurance management, Mr. Lichtenstein became the first Pacific Coast manager of Hartford Accident in 1914, and in 1924 he was appointed manager of Hartford Fire as well. He continued in these positions until he retired in 1945. He was a past president of Fire Underwriters Assn. of the Pacific and the Pacific Board.

Before entering insurance, Mr. Lichtenstein had made a name for himself as a writer in the early 1900s. He wrote "For the Blue and Gold," a novel about college life at University of California, his alma mater, and he was listed in "Who's Who" as an author. He was assistant librarian of San Francisco County Public Library at the time of the earthquake in 1906.

**ARTHUR J. DEVINE**, 65, who retired in June as Long Island manager of Home, died of a heart attack at his home in Queens Village, New York. Mrs. Devine, three children and five grandchildren survive.

**FREDERICK D. SUYDAM**, 69, partner of Murray, Vander Poel & Baker, New York brokers, died in Wayne Memorial Hospital, Honesdale, Pa.

**JOHN BATTERSHILL**, 85, principal in the Battershill agency of Kansas City, and before that for many years with Loyalty group in Missouri as state agent and manager, died. He was the father of J. Kenneth Battershill, retired U. S. manager of Swiss Reinsurance.

Mr. Battershill made his start in insurance in 1905 as a local agent. In 1908 he went with the old Freeholders of Topeka as special agent, three years later joining Continental as a field man in the midwest. He joined Firemen's of the Loyalty group as state

## Stocks

By H. W. Cornelius of Bacon, Whipple & Co.

135 S. La. Salle St., Chicago, Aug. 23, 1960	
Aetna Casualty	86½ 88½
Aetna Fire	84½ 86
American Equitable	40 41½
American, Newark	28¾ 30
American Motorists	14 15¼
Boston	34½ 35½
Continental Casualty	72½ 74½
Crum & Forster	64½ 66
Federal	58½ 60
Fireman's Fund	52½ 53½
General Re.	118 123
Glens Falls	36½ 37½
Great American	47½ 48½
Hartford Fire	50½ 52
Hanover	45 46
Home of N. Y.	59 60
Ins. Co. of No. America	65 66
Jersey Ins.	32½ 34½
Maryland Casualty	38 39
Mass. Bonding	40½ 41½
National Fire	120 125
National Union	38 39
New Amsterdam Cas.	53½ 55
New Hampshire	53 54½
North River	38½ 40
Ohio Casualty	23 25
Phoenix, Conn.	79½ 81
Prov. Wash.	23½ 24½
Reins. Corp. of N. Y.	22 23½
Reliance	54 55½
St. Paul F.&M.	56½ 58
Springfield F.&M.	32¾ 33¾
Standard Accident	49 51
Travelers	86 87½
U. S. F. & G.	42 43
U. S. Fire	29 30

agent in 1916, later becoming manager at Kansas City. He was a past president of Kansas Fire Prevention Assn. and a past MLG of Heart of America Blue Goose.

**PARKER W. LUCKETT**, 63, Arlington, Va., agent, died at his home there.

**WILLIAM SHEARON**, 88, who retired in 1935 as chief clerk at St. Louis of Hartford Steam boiler, died at his home in Chevy Chase, Md.

**CORNELIUS J. McNUTT Sr.**, 62, Philadelphia manager of Aetna Fire for 35 years, died at his summer home in Ocean City, N. J. He was a past president of Casualty Managers Assn. of Philadelphia.

**JOSEPH A. CARRUTH**, 61, vice-president and secretary of Home, who had been on medical leave of absence since October, 1959, died at Blowing Rock Hospital, Blowing Rock, N. C. He began his career with Home in 1920 as special agent in North and South Carolina. He was named vice-president and secretary in charge of southern operations in 1952.

**WILLIAM A. FORSYTH**, 71, local agent in Standish, Mich., for 42 years, died after a long illness.

**JOHN J. NANGLE**, president of Utilities of St. Louis, died.

### Allstate Withdraws Cancel-Proof Ad In Cal.

Allstate has notified the California department that it is withdrawing its "cancel-proof" advertising campaign of its non-can auto policy in the state and will revise the copy. California Assn. of Insurance Agents and Insurance Brokers Exchange had informally protested to the department, charging misrepresentation and that "cancel-proof" was misleading. The California association had retained former commissioner J. R. Maloney, who advised a formal action under the state's advertising provisions.

An Allstate spokesman said it was the company's "firm belief that the advertising fully and correctly informed the public of the nature of its new product and that the advertising fully met the requirements of applicable California statutes."

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The National Weekly Newspaper  
of Fire and Casualty Insurance



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## Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago.

The main play in the insurance stock field continues to be in the fire-casualty sector, but strength quietly appeared in a few life insurance situations last week. For instance, Jefferson Standard Life which had been in the 39 range moved up to 45; Life Insurance Co. of Virginia advanced from 48 to 53 and Commonwealth Life was in demand, picking up almost a point. National Life & Accident had been steadily climbing back to the 106 level following liquidation which had been climaxed by the sale of a very large block at a price of about 95. In the past an improved life insurance stock market has occasionally been ushered in by strength in the southern companies. Connecticut General Life came up

smartly to about 370, an advance of 15 points for the week. Continental Assurance, which had fallen off 20 points from 157, regained favor and closed the week at 150. Commonwealth continued to gain smartly this week, crossing the 20 mark. Continental Assurance advanced to 156.

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In the fire-casualty group General Reinsurance has been a star performer. After reaching the 100 mark it went up easily to 116 and there was substantial buying interest at that level.

Continental Casualty again was in demand after retreating about 12 points and closed the week at about 72. Providence Washington, Home, Great American and American of Newark were especial favorites and moved up handily. Aetna Insurance which staged a straight-line run-up from 73 to 98 faltered and was 85 last Friday. Employers Group was strong. Farmers Underwriters Assn., the attorney-in-fact for Farmers Insurance Exchange came in for more buying and advanced to about 44, from 38. This is a recherche situation that was just recently "discovered" by Kidder, Peabody & Co., and there are reports that it is being accumulated by a fund. Truck Underwriters Assn., however, has been dormant. This is attorney-in-fact for the companion Truck Insurance Exchange. Truck Underwriters is quoted about 31, which is about the level of Farmers "Undies" when it was recently "discovered." A third situation under the same roof is Fire Underwriters Assn., attorney-in-fact for Fire Insurance Exchange. It sells at about 35. These operations are similar to those of Allstate, State Farm and Nationwide, yet the Los Angeles situations are the only ones in which the public may get a direct proprietary interest. Incidentally, Dominick & Dominick has just published an extensive study of Allstate without undertaking to relate its value specifically to the shares of Sears, Roebuck & Co. Kidder, Peabody has put out a study on Farmers "Undies."

Merchants Fire responded to the tune of four or five points to an increase in the quarterly dividend rate from 30 cents to 40 cents. Other recent quarterly increases include St. Paul, from 32½ cents to 36, and Pacific Indemnity, from 70 to 75 cents. These may well be forerunners of more extensive increases in the regular rate and in declaration of extra dividends either for the final quarter of this year or for the first quarter of 1961.

One of the services called Transamerica the stock of the month and this added two points to the market of TA.

New Amsterdam Casualty continues to be wooed by two suitors—Fidelity & Deposit and Security of New Haven. It has continued to sell in the range of 53-56 which it reached after its prospective acquisition became known.

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A. M. Kidder & Co. is distributing the 10-page "Comparative Study of Life Insurance Companies for 1959" which was prepared by its research man, K. D. Weed. This penetrates the record of 35 companies under some 60 headings—the major brackets being capital stock, net worth, operating results per share, price data, insurance premiums, assets, capital-surplus, policy reserves, insurance in force and written. Mr. Weed voices the opinion that prospects for the future growth of the life insurance industry have increased, not lessened, during the past five years. While the then record highs of mid-1955 may well have represented liberal prices for these stocks, Mr. Weed says he is even more convinced that current prices fail to reflect the growth of the industry and of the individual companies in the last five years. He thinks that these stocks are reasonably priced when they sell from 15-20 times adjusted net operating earnings and at 1½-2 times liquidating values.

J. H. Goddard & Co., Boston, has released its copyrighted "Life Insurance Stock Evaluator."

Incorporated Investors discloses that during the three months ended June 30 they continued to increase their holdings of English insurers and dispose of U. S. companies. They added 35,800 shares of Legal & General Assurance, bringing their total in this issue to 39,000 shares valued at \$1,823,250, and added 34,000 shares of Prudential Assurance, the new total being 41,000 shares with market value of \$1,916,750. During the same period they sold 23,100 shares of Travelers, reducing their investment to 3,500 shares, and they sold 1,000 shares of Aetna Life, with 21,000 shares left. Chairman W. A. Parker and President Charles Devens say that the growth rate of life insurance in England has been substantial and the profitability of the business has increased. They think the future growth rate there is exceptional because of the ground the business has to make up there relative to the U. S. standards. Today life insurance coverage in England is but \$600 per capita compared to \$3,000 here. Also fringe benefits for workers such as are underwritten by commercial insurers have a distance to go before they equal those of the U. S. worker.

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Stein, Roe & Farnham Stock Fund reports that during the three months ended June 30 they invested in 2,500 shares of Continental Casualty. Value Line Special Situations Fund sold 1,700 shares of New Amsterdam. Diversified Growth Stock Fund sold 1,000 shares of Connecticut General and had 1,000 left. New York Capital Fund of Canada added 143 shares of Great-West Life bringing its total to 2,643 shares. Eaton & Howard Balanced Fund added 20,000 shares of Employers Group Associates. Eaton & Howard Stock Fund added 10,000 shares of EGA, 1,000 shares of Hartford and 2,000 shares of Travelers. Fundamental Investors eliminated its holdings of 13,700 shares of Connecticut General.

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North Central Life of St. Paul has just completed an underwriting of \$1 million on its own without discounts or commissions. This was done by the sale of 142,860 shares of the North Central Co. at \$7 per share. Coincidentally, 82% of the stock of the life company was exchanged for the stock of the holding company in the ratio of 27 for one. North Central Co. will be used primarily to acquire other insurance companies.

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Insurance Securities Trust Fund of Oakland completed a study showing that for the past 50 years at least the stock fire-casualty companies, as an industry, have operated at a profit in every single year. The earnings include both underwriting and investment results. The record probably extends even further back but earlier statistics were lacking. Incidentally, this fund which now comprises more than \$430 million of insurance stocks, on Oct. 1 will move to San Francisco, occupying an entire floor in the new Bethlehem Steel Building at 100 California Street.

## Thomas Of NAIA To Glens Falls Buying N.C. Agents Post Ark. General Agency

Carlton Thomas, editor of American Agency Bulletin of National Assn. of Insurance Agents for 22 years, has resigned to become director of public relations of the North Carolina association. He served also as director of public information of NAIA for 1½ years of his three years with the association. He will head a new public relations program instituted by the North Carolina group.

W. R. Smith & Co., general agency of Little Rock, is being purchased by Glens Falls and will become the Little Rock office of the company. The general agency's personnel become employees of the company, and Mr. W. R. Smith continues as manager of the new office. The address remains the same.

Immediate plans call for the establishing of a claims and loss department in the Little Rock office, and the offer of a complete premium finance plan to all agents through Glenway Corp., a member of the Glens Falls group. An engineering-audit department is scheduled and the life insurance facilities of the group, through National Life of Canada, will be made available to Arkansas agents.

The general agency has represented Glens Falls 11 years.

## Texas Board Withholds Decision On Approving New Mercantile Policy

The Texas board is withholding its decision on an appeal by Texas Insurance Advisory Assn. requesting the board to reverse its approval of the merchants property policy filed by North America. The board held a hearing on the association's complaint and granted North America time to file a reply.

William Thompson of Dallas, attorney for the association, said the merchants property policy is a multiple line policy as distinguished from inland marine and that it conflicts with inland marine coverage. He stressed that these coverages as written are under controlled rates and established forms.

### Another Objection

He also objected to the merchants property policy coverage on merchandise sold on installment, stating that the policy did not provide for controlled rates and that the rating would be a judgment rating with variations from company to company as the coverage is written. He contended that the board should set out in an order the rates and forms to be used.

Mr. Thompson viewed the merchants property policy as violating the Texas rate control law and stated that it might lead to destructive competition which would be bad for the buyers as well as the public in general and the companies. He emphasized that the coverage includes fire and casualty insurance and, in these coverages, will violate or vitiate the rating law.

### Risks Are Merged

Bertram C. Dedmon, North America, said the policy is an all-risk or multiple peril policy in which the risks are merged. The policy was designed to give to those merchants who could not avail themselves of the inland marine coverage the protection which they desire and need, he declared.

Mr. Dedmon said he does not believe uncontrolled rates exist, indicating that competition controls where statutory provisions do not. He emphasized that the policy is available to all companies and meets the need of mer-

## Deadline for NAIA Big I Crier Contest

The town crier awards of National Assn. of Insurance Agents to recognize companies which do an outstanding job of promoting the Big I campaign will be presented again this year at the convention in Atlantic City Sept. 26-28.

President Paul Jones of Tucson has appointed Fred C. Crowell Jr., publisher of the Insurance Field, chairman of the committee that will decide the winners, and Howard Fullington of Wichita, executive committeeman of NAIA, and Walter R. McCord, executive secretary of the Kentucky association, members.

Material will be judged Sept. 1 in Louisville. Companies are to send Big I activity material to the committee in care of Mr. Crowell at P.O. Box 1164, Louisville, before that date.

In addition to a lamp and figurine for the winning companies, bells will be awarded this year to companies which have promoted the Big I in media other than consumer publications, radio, billboard and TV. Last year Aetna Casualty, Great American, and U.S.F. & G. won the awards.

## Named By New England

New England of the Springfield-Monarch group has named Interstate agency of Denver as general agent for Colorado, Wyoming and New Mexico.

chants for multiple line coverage not now available under the Texas inland marine coverages.

In reply to criticism as to lack of experience in this type of coverage which would call for judgment rating, he said the coverage has been written by North America in 36 states with a substantial premium volume over a period of several years, and that is a sufficient amount of experience on which to base rates.

## Four Retiring Missouri Field Men Honored

Four retiring Missouri field men were honored Monday at a luncheon in St. Louis by their associates and friends. The guests of honor were Thomas F. Collins, George W. Fischer and Thomas Kingsley, who were in attendance at the luncheon, and Whitney Ayers, who was out of town on vacation but was sent greetings by telegram.

Mr. Collins has been with Phoenix of Hartford; Mr. Fischer with Hartford

Fire and Mr. Kingsley with Travelers. Mr. Ayers has been in the Missouri field for Yorkshire.

### LaPeire Is Chairman

Chairman of the committee in charge of arrangements was John E. LaPeire, Phoenix of Hartford, with a committee made up of members of Missouri Capital Stock Assn., Missouri Fire Prevention Assn. and St. Louis Blue Goose.

Mr. Collins retired at the end of 1959. He is presently wielder of the St. Louis Blue Goose. He entered in-

surance at St. Louis in 1912 and later was with Northern of London at St. Louis. He traveled Ohio and Indiana for Phoenix of London before going with Phoenix of Hartford in 1921, serving as state agent in the St. Louis area for 38 years. He is a past president of Missouri Fire Underwriters Assn.

Mr. Fischer is manager at St. Louis of Hartford Fire and will retire Sept. 1. He has been with the company 40 years, starting as a special agent in southern Illinois and later working in Chicago until moving to St. Louis as manager in 1938.

### At St. Louis In 1928

Mr. Kingsley has been fire marine manager at St. Louis of Travelers since 1928. Previously he had served in a similar capacity at Cincinnati. He is a graduate of Illinois Tech and has been in insurance since 1920 when he started with Kentucky Actuarial Bureau. He was with National Fire in Chicago in 1923 before going with Travelers in Cincinnati in 1926. He is a past president of Missouri Fire Prevention Assn. and Missouri Capital Stock Assn. Mr. Kingsley is a nephew of the late William Weir who was a partner in the old Weir & Meier agency in Davenport. His brother, Phillip F. Kingsley, is a general agent at Lexington.

Mr. Ayers recently retired after 26 years with Yorkshire. He and Mrs. Ayers went to Florida on Aug. 15 and will travel in the months ahead. Mr. Ayers moved to St. Louis after having been in Chicago and California with Continental of the America Fore group.

## Three Southern Agents Excel At NAMIA Schools

Three southern agents took top honors at the school sponsored by National Assn. of Mutual Insurance Agents at Oberlin College. Harry H. Pritchett Jr., Tuscaloosa, Ala., was the leader with an average of 97% and received a special award as the most outstanding student in the history of the school. The other two leaders were Charles N. Becker, Newport News, Va., with a 93% average, and Jack Patterson, Gulfport, Miss., with 90%.

## Mutual Of Omaha Has New Plan For Over 65 Applicants

Mutual Benefit H. & A. has prepared a new plan for offering its "senior security" health insurance to persons when they reach their 65th birthday. The plan of hospital, surgical and nursing convalescent home insurance has previously been available for those 65 and over during national enrollment periods. In an effort to be sure that those now attaining age 65 can also purchase the policy, Mutual of Omaha will allow persons to apply for the policy for a three-month period after their 65th birthday.

The plan contains a renewal safeguard and cannot be cancelled because of the number of times a person receives benefits or because of changes in health. Mutual of Omaha now insures over one million persons age 65 and over.

## Toledo Claim Men Elect

Toledo Assn. of Claim Men has elected Carl A. Dienst, independent adjuster, president. Other new officers are: Eugene A. Mann, Auto-Owners Mutual, vice-president; Jack F. Bowman, Automobile Club, secretary; and W. L. Timbers, treasurer.

## Health Service To Sell Plans Through Agents

Wisconsin Physicians Service, the health insurance program operated by the state medical society, will appoint independent agents to market its medical-surgical-hospital policies.

The agents will sell and service persons who are not eligible for coverage as members of a group. Previously, sales of non-group policies were handled entirely by mail. Group policies will continue to be sold by full time WPS representatives working out of four regional offices in the state.

## N. Y. Mutual Agents Set Workshop Series

The education committee of Mutual Agents Assn. of New York will conduct nine regional workshop meetings in the state during September.

Meetings are scheduled at Massena, Sept. 7; Syracuse, Sept. 8; Binghamton, Sept. 9; Olean, Sept. 13; Buffalo, Sept. 14; Rochester, Sept. 15; Garden City, Sept. 20; Newburgh, Sept. 21; and at Albany Sept. 22.

Among topics to be discussed are amendments to the assigned risk rules; the new premium finance law; agency mergers and combinations; and IBM bookkeeping and procedures.

Consideration will also be given to the sales training conference, Oct. 30-Nov. 2; to legislation proposed for 1961, and to the questions of adding new agency salesmen, and allied problems of costs, commissions and contracts.

## N. C. Interested In Single AR Insurer

Commissioner Gold of North Carolina has indicated interest in the designation of a single company to handle automobile assigned risks, or in the organization of a company for that purpose. He said he would entertain proposals in this connection when he holds conferences, probably in late September, on the financial responsibility law. Mr. Gold indicated that his department will introduce into the discussions the idea for the single AR insurer.

He is also interested in hearing discussion on establishment of a fund similar to that long required for workmen's compensation.

## Hodges In Old Post

Benjamin Hodges, who left the Kentucky department some months ago to become manager of Kentucky Distillers Ins. Co. of Louisville, has resigned and is back with the department.

Kentucky Distillers was organized and is controlled by three of the prominent Kentucky distilleries, but has not had much luck in getting others to come in. Most of the business is reinsured, chiefly with Lloyds.

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E. A. McCord, President



## Conn. General Continues To Assail Ban

(CONTINUED FROM PAGE 2)

any kind of an insurance company to acquire all or any part of the stock of another insurer of any kind. The only proviso was that the acquisition might not be inconsistent with any other provision of the insurance law or substantially lessen competition or create a monopoly.

### Inconsistent Position

In 1955 when Connecticut General sought to acquire control of National Fire the New York superintendent indicated he would not license Connecticut General if it proceeded with its plan. For the first time the superintendent contended that a non-domestic life company would itself be engaging in fire and casualty insurance if it thereafter acquired a fire and casualty subsidiary. At the same time he took the position that an out-of-state life company was not itself engaging in fire-casualty if it already owned a fire or casualty subsidiary, and that a fire or casualty company with a life subsidiary would not itself be engaging in life under the sections in question, whether it already owned the subsidiary or acquired it in the future.

These positions are still maintained by the superintendent, the Connecticut General brief points out. He continues to interpret sections 42(3) and 193(2) as prohibiting Connecticut General from acquiring a fire or casualty subsidiary while he continues annually to renew the licenses of Aetna Life and Travelers, which acquired fire and casualty subsidiaries before the superintendent's cut-off date. He also continues annually to renew licenses for many fire-casualty insurers with life subsidiaries acquired both before and after the cut-off date. Aetna Life and Travelers are the two largest stock life companies, in assets, doing business in New York. Connecticut General is the third largest.

The brief characterizes the superintendent's interpretation of the two sections of the law as inconsistent with their legislative history and long standing administrative practice (back to 1906), as contrary to settled principles of law which recognize the separate corporate existence of subsidiaries operating their own businesses, as "purely arbitrary" in light

of continued licensing of competitors of Connecticut General, and as an invalid attempt to legislate by administrative fiat.

### Inequitable Protection

Thus Connecticut General is denied the equal protection of the laws. Action of the superintendent violates the due process clause of the constitution by interfering with the internal affairs of a corporation of another state in a way which serves no reasonable purpose in protecting the people of New York. This is illustrated by the fact that two very similar Connecticut companies are permitted by the superintendent to do exactly what the superintendent seeks to prevent Connecticut General from doing.

The brief notes that the acquisition of National Fire by an exchange of stock would have added about \$45 million to Connecticut General's surplus and "would have given that much more protection to its policyholders."

It points out that in 1955 the attorney general of New York, when asked by the superintendent for an opinion on the proposed Connecticut General-National Fire acquisition, agreed with the superintendent on the interpretation of the investment requirements imposed on out-of-state life companies by section 90(1). However, the attorney general declined to express an opinion on the superintendent's interpretation of sections 42(3) and 193(2), and he cautioned the superintendent that he must apply the insurance law equally to all companies having the same status.

The attorney general indicated that section 90(1) prohibited a non-domestic life company from acquiring more than 2% of the common stock of any company. To avoid this possible construction of the section, the brief states, the legislature in 1958 amended it so that presently it clearly prohibits no specific type of investment. The amended section is not, however, an issue in the present case.

Following the attorney general's opinion, the superintendent proposed a regulation (No. 39), embodying his interpretation of section 42(3) and 193(2). After a hearing, the "regulation" was changed to an "interpretation" and sent to all authorized insurers.

### Opinion Vs Statute

The lower court (Justice Steuer) upheld the superintendent on sections 42(3) and 193(2). However, the brief of Connecticut General states that the Steuer opinion completely ignores section 67(1), enacted in 1948, which confirms the right of any kind of insurer to acquire all or part of the stock of any other kind of insurer.

Also, the brief observes, that opinion ignores the due process question but does deal with the issue of equal protection of the laws. However, the brief describes its conclusion as "contrary to settled authority." The conclusion was that there is no constitutional protection against unequal treatment at the hands of an administrative official, but only if the wording of a statute works an inequality, "notwithstanding that the unequal treatment there results from the official's construction of a statute." Also, the lower court held that there is no denial of equal protection unless there is granted a "monopolistic advantage" and it is not monopolistic to give only two life companies and the right to have fire-casualty subsidiaries because there are 68 companies (including Connecticut General) which do

not have the privilege.

Actually, the brief points out, there are at least 17 life companies licensed in New York which are part of fleets, in common control or affiliated with a fire-casualty insurer. Here the brief observes "it would seem that the fewer the companies accorded the privilege the greater the monopolistic effect."

### Does Not Explain Authority

The lower court opinion does not explain the source of the superintendent's authority to set a cut-off date into the statute after which acquisition of a fire-casualty subsidiary by an out-of-state life insurer would become prohibited.

There is implicit in the lower court opinion a major erroneous assumption that stock control alone automatically results in a parent corporation doing the business of a subsidiary, Connecticut General argues.

### Emmco Buys Building

Emmco has bought and moved into the three-story Standard Oil Building at South Bend. The building, which has been re-named the Emmco Building, has 25,000 square feet of floor space, more than double that of Emmco's former quarters. Purchase price was \$165,000.

## Mass. Allows \$100 Wind Deductible

The Massachusetts department has approved Liberty Mutual's \$100 deductible windstorm filing, effective for one year from July 15. The company can now offer the coverage at 25% off the 30-cent rate for the standard \$50 deductible on dwellings.

The approval is the culmination of a two year dispute. The filing had originally been disapproved by the department which was then overruled by the state supreme court. The court held that insurers may deviate in both rates and forms and referred the issue back to the department for determination.

## Hartford Accident Names Two Specials In Cal.

New special agents working out of the Oakland, Cal., office of Hartford Accident are Roy Ribble and Richard L. Silvernail. Mr. Ribble, who joined the company in 1958 will handle casualty lines in the East Bay area, and Mr. Silvernail will represent the fidelity and surety departments.

President Eisenhower has proclaimed the week of Oct. 9 as Fire Prevention Week.

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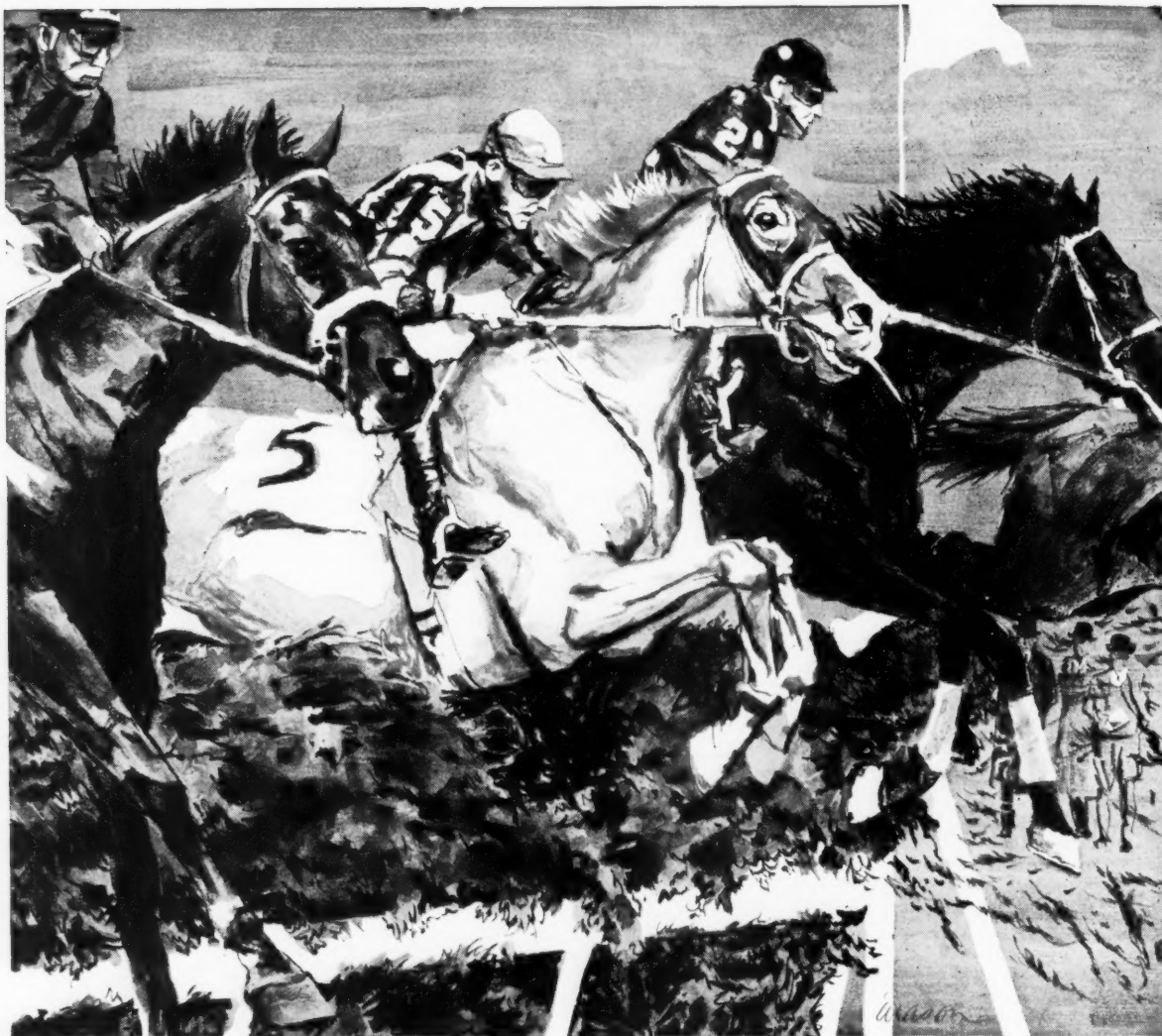
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